



# THE INDEPENDENT

Tuesday 13 January 1998 IR50p (45p) No 3,506

## Ireland: there is a solution

Plans for a new political geography covering Britain and Ireland emerged yesterday in a historic scheme that promises not just Anglo-Irish connections, but links with Edinburgh and Cardiff too. And as our Ireland Correspondent reports, parties covering most of the political divide found something in the plan to welcome.

The short but significant document, hatched in a series of telephone calls between Tony Blair in Tokyo and Bertie Ahern in Dublin, puts forward the new ideas not as a blueprint for a settlement but as their recommendations for the shape of future negotiations in the Stormont multi-party talks.

Formidable problems remain in finding agreement on how the various elements can be slotted into place together. Unionists, for example, will be

BY DAVID MCKITTRICK

Intent on forging the strongest possible east-west connections in an attempt to strengthen Northern Ireland's links with Britain.

Since nationalists regard north-south links within Ireland as their priority, they will by contrast push for maximum powers to be conferred on a new north-south institution. Reconciling these two approaches will form the stuff of negotiation in the months ahead.

No one believes that achieving a successful conclusion will be easy, but the document produced yesterday has the approval of both London and Dublin, while both the Ulster Unionists and SDLP signalled their sense that they can live with it. One crucial, and as yet unanswered, question is whether Sinn Féin and the republican community generally will be prepared to leave their aspiration for Irish unity to one side for the moment, and help build a more complex compromise arrangement.

If all the elements sketched out in the document do provide the shape of an eventual agreement then new arrangements will look something like this:

- A new Belfast assembly with considerable devolved powers, together with safeguards to ensure that both Unionists and nationalists have a share of power.
- An intergovernmental council will bring together representatives of London, Dublin, Belfast, Scotland and Wales.
- A north-south ministerial council will link the two parts of Ireland. It will be a decision-making body served by new bodies and mechanisms.
- A Bill of Rights and other measures to protect civil and political rights and promote equality.
- Measures to deal with the



questions of prisoners, security, policing and arms decommissioning.

For Unionists such an outline holds out the prospect of ending the 1985 Anglo-Irish agreement, which they detest, and of making important changes to the Irish constitution, to which they also object. They have also been against the idea of a powerful north-south institution, but will draw comfort from the fact that Scotland and Wales will be incorporated into the new arrangements. Their inclusion should help provide reassurance that the union with Britain is not being sundered.

Nationalists will welcome the north-south institution and the decidedly Anglo-Irish character of an arrangement which would see Dublin heavily involved in most aspects of the new structures. Their concern about alterations to the Irish constitution will be alleviated by the proposition that this would be balanced by changes to the Government of Ireland Act which established the state of Northern Ireland in 1920.

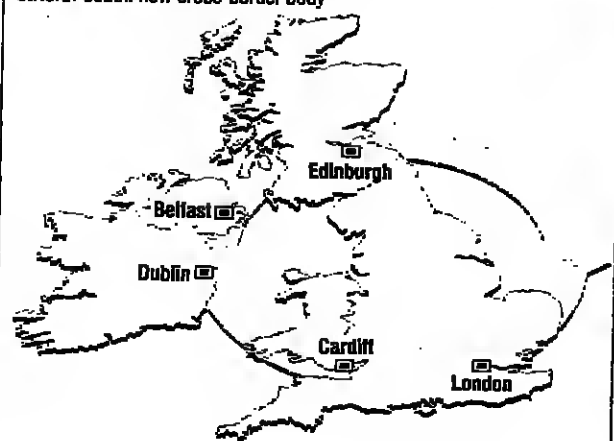
In one sense, these ideas provide a plausible outline of bow - with give and take and hopefully a sense of goodwill - a historic new arrangement might work. But the devil is in the detail and there literally thousands of difficult details to be worked out.

It is also clear that as the May deadline for the talks approaches, the various splinter groups - both loyalist and republican - can be expected to try to step up violence in an effort to derail the whole process. Furthermore, there are suspicions that the Ulster Defence Association, whose political representatives are in the talks, may believe it can continue to carry out killings without incurring the political penalty of expulsion from Stormont.

The two governments hope their ideas, which are entitled "propositions on heads of agreement" will mark a turning-point in a talks process which has so far produced a quagmire of procedural wrangling and a surfeit of generalities. London and Dublin now want to concentrate minds and get down to specifics.

### THE NEW POLITICAL GEOGRAPHY

1. New assembly for Northern Ireland
2. East-west: The Council of the Isles, linking regional assemblies in Belfast, Dublin, Cardiff, Edinburgh and London.
3. North-south: new cross-border body



## Japanese apology to PoWs is just a repeat

The Japanese Prime Minister yesterday offered an apology for the treatment of British prisoners during the Second World War, a move hailed by Tony Blair as "a very significant step forward". But despite all the rhetoric, the apology contained nothing new. Richard Lloyd Parry reports from Tokyo.

In his first summit meeting with Tony Blair, Ryutaro Hashimoto, the Japanese Prime Minister made "an expression of deep remorse and heartfelt apology to people who suffered in the Second World War". The statement, claimed Mr Blair's spokesman, was Tokyo's first "official" apology for the country's wartime misdeeds.

But Japanese officials denied it contained anything new, provoking the anger of PoW groups. In 1995, the then prime minister, Tomiichi Murayama, spoke in a written statement of

Japan's "mistaken national policy" and expressed "feelings of deep remorse and ... heartfelt apology".

"What the Prime Minister mentioned today was basically no different from PM Murayama in 1995," said Mutsuyoshi Nishimura, of the Japanese foreign ministry.

Downing Street is sensitive about yesterday's PoW "apology" and with good reason. At first glance, it lives up to its official billing as a diplomatic triumph for Mr Blair. But close up, it delivers much less than it promises - a confection

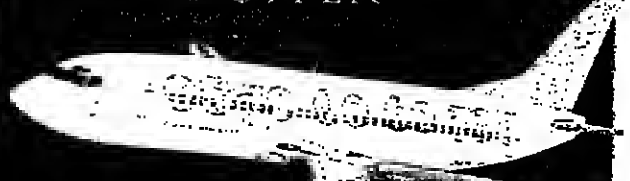
of ambiguous language, old or vague ideas and vigorous spin doctoring.

There were new "reconciliation initiatives" aimed at bringing together Japanese and Britons in an attempt to overcome the past: an increased number of "cultural exchanges" for former PoWs and their families to visit Japan; and a joint project to study the history of relations between the two countries. But they will only attract those who are already reconciled to the past. As Arthur Titherington, chairman of the Japanese Labour Camp Survivors' Association said yesterday: "We want proper compensation, not joy trips for 80-year-old men to Japan."

There will be a series of joint "pilgrimages" to be made by Japanese and British veterans to former battle sites in South-east Asia, and a programme of scholarships for the grandchildren of former PoWs to study in Japan. The projected budget for these is 125m yen (£600,000), an increase of a quarter on two years ago. "As a sign of ... remorse, they have agreed substantially to increase the payments into the reconciliation programme," said Mr Blair. But this budget is not a fixed commitment. According to a Japanese diplomat yesterday: "It might be more or less depending on what projects we feel are worthwhile."

Mr Blair did not press Mr Hashimoto on the question of the £14,000 compensation which PoW groups are demanding for each of their members. Legally, all claims for compensation were shelved in the 1952 Treaty of San Francisco. "We know what answer we would get if we mention it," Mr Blair's spokesman said.

### FLIGHT OFFER



50,000 flights to Europe from £34 return inc. airport taxes

THE EYE, PAGE 4

INDEPENDENT AND INDEPENDENT ON SUNDAY TOKEN COLLECT

### TODAY'S NEWS

#### Drink-drive killer free

A Cambridge University student who admitted killing two friends in a car smash after drinking and driving, walked free from court after a moving appeal from the father of one of his victims. Judge Charles Harris passed an 18-month suspended prison sentence at Oxford Crown Court on John Ware, 21, after businessman David Sage told the court he and his wife did not want retribution. Page 6

#### Split among the sisters

Middle-class working mothers are forging ahead with their careers, while their unskilled sisters are staying firmly at the bottom of the heap, according to a new government-funded study. It finds that lone mothers have the worst time of all, and that the gap is growing. Page 3

#### Fade-out for City name

Morgan Grenfell, one of the oldest names in the City, could disappear as part of a radical overhaul of Deutsche Morgan Grenfell, the investment bank, by Deutsche Bank, its German owner. Page 19

The Eye, page 12  
The Eye, page 28  
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The Eye, page 10

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## PEOPLE

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IN WEDNESDAY'S INDEPENDENT

**Rik Mayall: Stand-up  
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in pictures**  
THE EYE**Sensation:  
Damien Hirst and  
the celebrity café**  
THE EYE**From works  
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## Books aren't dead. But 32-volume encyclopaedias are



Information age: Beckford School, north London, has books and CDs...

**An era comes to an end as cheap CDs force  
Britannica to lay off its direct sales force**

Encyclopaedia Britannica is laying off its 70 door-to-door sales staff because customers have lost their appetite for the 32 volumes. The CD-Rom equivalent is cheaper, faster and longer. *Career* reports on the death of an institution.

It was not only mistrust of doorstep sellers which led to their downfall. The direct sales team did their best to handle the public's prejudices about pushy predecessors but they could not talk their way round the advent of the CD-Rom and the Internet.

Parents who in the past would have saved up for a complete set of leather-bound volumes of the *Encyclopaedia Britannica* to do their bit towards their children's homework can now pick up the Britannica CD-Rom - a single disc - for a fraction of the price. And for the same money they can also buy a home computer to run it on.

The cheapest printed version of the *Encyclopaedia Britannica*, the "classic brown" bought by libraries, costs £845. The most popular is the "heirloom" version at £945, but for £3,000 one's initials are gilded in gold across each volume.

But in these multimedia times the direct sales staff are finding it hard to persuade customers of the relative merits of these versions.

The same 44 million words are available on the CD-Rom for £125. For £7.99 a month, Internet users can subscribe to the

Britannica Online version which, unlike the books, is constantly updated. And there are countless alternatives including Microsoft's *Encarta* encyclopaedia, which costs just £49. Consequently, this year marks a radical departure in sales techniques for Encyclopaedia Britannica.

From April door-to-door staff will be history and in their place will come a major advertising and marketing drive for

the Britannica CD-Rom. Sales will be mainly through normal retail outlets.

Tim Pethick, vice-president and general manager for English language products of the US-based company, admitted that while the salesmen's tricks have "largely changed", the public did not respond well to a knock at their door.

"Unfortunately when people think of pushy door-to-door sales people," he said.

"That's one of the contributory factors to the decision to get out of direct selling. It has been a painful decision."

Mr Pethick added that there had been fundamental changes in consumer buying patterns. "In-home selling served us very well for many years, but today our customers want to buy in other ways."

"The revenues generated from in-homes sales efforts no longer justify the costs... We will be selling through direct-response advertising. People will just send a cheque or give their credit card number. No salesman will call."

But it is the advent of mass ownership of personal computers which has had the biggest impact on Encyclopaedia Britannica, founded in Scotland in 1768. For the young generation, the route to knowledge is on-screen and their parents' biggest educational purchase will probably be a PC.

Encyclopaedia Britannica expects to sell 80,000 Britannica CD-Roms in the UK this year, compared with just 4,000 printed sets. Worldwide sales of the bound volumes are anticipated to be 25,000, that is, 85 per cent down since the early 1990s.

### BOOKS VERSUS THE CD-ROM

We set two researchers - one with the 32-volume Britannica, and one with the Britannica CD-Rom - the task of seeing how long it took them to find the answers to these three questions:

1. Who led the first Roman invasion of Britain and when? (Julius Caesar in 1st century BC).
2. What are the three homes in the middle ear called and what are their functions? (Auditory Ossicles: Malleus/Hammer, Incus/Anvil, Stapes/Stirrup.)
3. In which year was War and Peace published, and how old was Tolstoy? (1869 and 41.)

#### The book:

1. Took three references and five minutes to find.
2. Two minutes and two references to find.
3. Found on first search, six minutes.

#### The CD:

1. Found under 'Romans AND Britain' in three minutes.
2. Difficult to find specific details. Took 15 minutes to find.
3. Three minutes.



... but pupils like Amy Williams, 9, prefer the CD Photograph: John Voos

## Did the fifth man hand the A-bomb secret to Russia?

John Cairncross, the fifth man in the Cambridge spy ring, gave Britain's atomic secrets to the Russians, it was claimed yesterday. Ian Burrell notes that the KGB played an active role in making the revelation public.

In his autobiography, published last year, two years after his death, Cairncross admitted spying for the Russians but said he had only helped them in their fight against Hitler.

But KGB files, made available to Rupert Allason, the former Tory MP who is also known as the author Nigel West, demolished his claims. They show that he handed over British atomic secrets, betrayed the identities of British agents, and was well paid by the Russians for his spying.

The files contain a memo-

randum by Pavel Flit, the KGB's head of intelligence, on Enormoz, the Soviet programme for obtaining Allied atomic secrets.

"The first material on Enormoz was received at the end of 1941 from John Cairncross," it notes. "This material contained valuable and highly secret documentation, both on the essence of the Enormoz problem and on the measures taken by the British government to organise and develop the work on atomic energy."

"This material formed the point of departure for building the basis of, and organising the work on, the problem of atomic energy in our country."

The revelation yesterday prompted Teddy Taylor, Tory MP, to table a parliamentary question for Jack Straw, the Home Secretary, asking for the "full facts". He said: "This is an issue of the utmost urgency and it raises the most alarming suspicions about what went on

in our intelligence services at this critical period in our history."

Allason has co-authored his book, *The Crown Jewels*, with Oleg Tsarev, a former KGB officer who works as a consultant to the KGB's successor, the SVR. "I have had to rely on him for the Russian documents," Allason said yesterday.

But, he added, there was no secret Russian agenda. "They are proving that they're a democracy - that they've got declassification, and they are more open than we are."

Other historians were more sceptical. Donald Cameron Watt, an emeritus professor of international history at the London School of Economics, said: "This is an indication, not so much of what happened, as what the KGB wants us to believe happened."

Cairncross was born in 1913 near Glasgow; his father was an ironmonger. He won a scholarship to Trinity College, Cam-



John Cairncross: KGB files show he was well paid for spying

bridge, where he met Anthony Blunt, another member of the Cambridge ring.

The files show that Blunt introduced him to fellow Moscow sympathiser Guy Burgess, who made an assessment of the young Scot for the KGB. Cairncross was later recruited by Andre Deutsch, or Otto, the

KGB officer running the Cambridge ring.

Cairncross, or agent "Liszt", supplied his most valuable information when he was secretary to Lord Hankey, minister without portfolio in the Churchill government, who had special responsibility for the intelligence services and for atomic research.

## Working-class women stay at bottom of the heap

Middle class working mothers are forging ahead with their careers, while their unskilled sisters are staying firmly at the bottom of the heap. *Barrie Clement, Labour Editor, finds that lone mothers - the target of benefit cuts - have the worst time of all.*

There is a "growing gulf" between working mothers with top jobs and those lower down the scale who struggle to balance work and children.

Britain's highly educated and high wage mothers are far more likely to remain in employment during their child-rearing years with employers increasingly prepared to help them to do so.

Companies want to keep their high-flyers, those that contribute most to the business

and those who are the most costly to train and replace. "Employers seem more inclined to introduce family-friendly policies for their higher status female employees such as managers," says Professor Heather Joshi, of the City University, London.

Such women have more family-friendly working arrangements, better fringe benefits and are more highly-motivated to stay in employment.

Clearly these mothers are also able to balance their babies and briefcases because they can afford a high standard of childcare, says the professor.

Any idea that employers might increasingly apply family-friendly benefits to other employees seems to have foundered on the recession.

The less well-paid and poorly-qualified working class mothers have considerably greater difficulty in maintaining "career momentum" after the birth of their first child. Low wages

and the cost of childcare is a major reason and the fact that employers are less likely to help them stay in employment.

Around two thirds of women are still not benefiting much from equal opportunities and in many cases are failing to reach their potential, according to Professor Joshi's report, "A Widening Gulf among Britain's Mothers".

The study, which is featured in the Economic and Social Research Council's new publication *Business Connect: a brief guide to ESRC business research*, also shows that women in full-time work find it much easier to keep their jobs after giving birth than part-timers.

Professor Joshi believes the Government's policy of cutting benefits to lone parents is misguided. She argued that while state help should be restructured, it should offer incentives and help for people to get back to work, rather force them into employment.

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## Winter weather brings fun ... and fatalities

William Dickinson, the nursery's owner, told Norwich magistrates that the action by Norfolk County Council would force his nursery to close. The local authority said that he must employ one member of staff for every eight pupils aged three to five; nursery schools and classes which employ a qualified teacher must have two staff for 26 pupils. Mr Dickinson argued that his school could offer good quality education even though he could not afford a one-to-eight ratio nor a qualified teacher with the right experience. The council is contesting the case, and the hearing is expected to last three days.

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Words to  
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Mistress ma

Beijing Street officials said last  
that Robin Cook would not  
bring his partner Gaynor  
on a "world tour". Co  
Chief Political  
respondent, says she may g  
China with the Foreign  
Secretary

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## Long-distance deal saves Ulster talks

Tony Blair made seven calls from Japan to the Irish Prime Minister to secure a deal over Ulster peace proposals. Colin Brown, Chief Political Correspondent, says the telephone diplomacy has worked for now.

Tony Blair's hands on approach in calling Bertie Ahern repeatedly from Japan underlined the crisis in which the talks were placed early yesterday. Downing Street refused to elaborate on the nature of their talks. However, the number of calls to Dublin in the early hours yesterday was seen as clear evidence that Mr Blair was engaged in crucial, last minute negotiations to win Irish approval for the blueprint for peace to be put to the parties in the Northern Ireland talks. The two governments had been divided over the Unionists' demands for a power-sharing assembly in the North, which Sinn Féin feared would lead to an internal settlement. Sinn Féin had objected to the word "assembly" in the document. Bargaining over the fine print went on until the small hours in Japan, where Mr Blair is on a European Union visit. A group of businessmen said the Prime Minister told them he had been up until 3am making calls. A joint statement hinted at the ground that had divided the

two governments: on the need for clarification over a commitment by Dublin to scrap its constitutional claim to the North; and the operation of the agreement with the existing meetings between Irish and British ministers. These issues were not spelled out in the document.

They said that other matters not directly referred to in the document would be dealt with "where it makes sense" - for example, issues where harmonising or cross-border action is appropriate will be dealt with on that basis. Mr Blair also negotiated with David Trimble, the Ulster Unionist leader, and had regular talks with Mo Mowlam, the Secretary of State for Northern Ireland.

There were strong rumours at Westminster that John Hume had disagreed with Seamus Mallon, his colleague in the moderate nationalist SDLP, in the preparation of the draft document. Mr Mallon, it was said, had privately given his assent to an earlier draft, but it had to be renegotiated when Mr Hume objected.

The SDLP leader shared the objections of Sinn Féin president Gerry Adams with the early draft.

Mr Blair had to navigate a path through the minefield of anxieties of both Sinn Féin and the Ulster Unionists in allowing cross-border bodies which will give Dublin a say in services in the North, with the power-sharing assembly in Belfast.

## Words that aim to shape a peace

This is the text of 'Propositions on heads of agreement'.

Balanced constitutional change, based on commitment to the principle of consent in all its aspects by both British and Irish Governments, to include both changes to the Irish Constitution and to British constitutional legislation.

Democratically elected institutions in Northern Ireland, to include a Northern Ireland Assembly, elected by a system of proportional representation, exercising devolved executive and legislative responsibility over at least the responsibilities of the six Northern Ireland Departments, and with provisions to ensure that all sections of the community can participate and work together successfully in the operation of these institutions and that all sections of the community are protected.

A new British-Irish Agreement to replace the existing Anglo-Irish Agreement and help establish close co-operation and enhance relationships, embracing:

An Intergovernmental Council to deal with the totality of relationships, to include representatives of the British and Irish Governments, the Northern Ireland Administration and the devolved institutions in Scotland and Wales, with meetings twice a year at Summit level.

A North/South Ministerial Council to bring together those with executive responsibilities in Northern Ireland and the Irish Government in particular areas. Each side will consult, co-op-

erate and take decisions on matters of mutual interest within the mandate of, and accountable to, the Northern Ireland Assembly and the Oireachtas respectively. All decisions will be by agreement between the two sides, North and South.

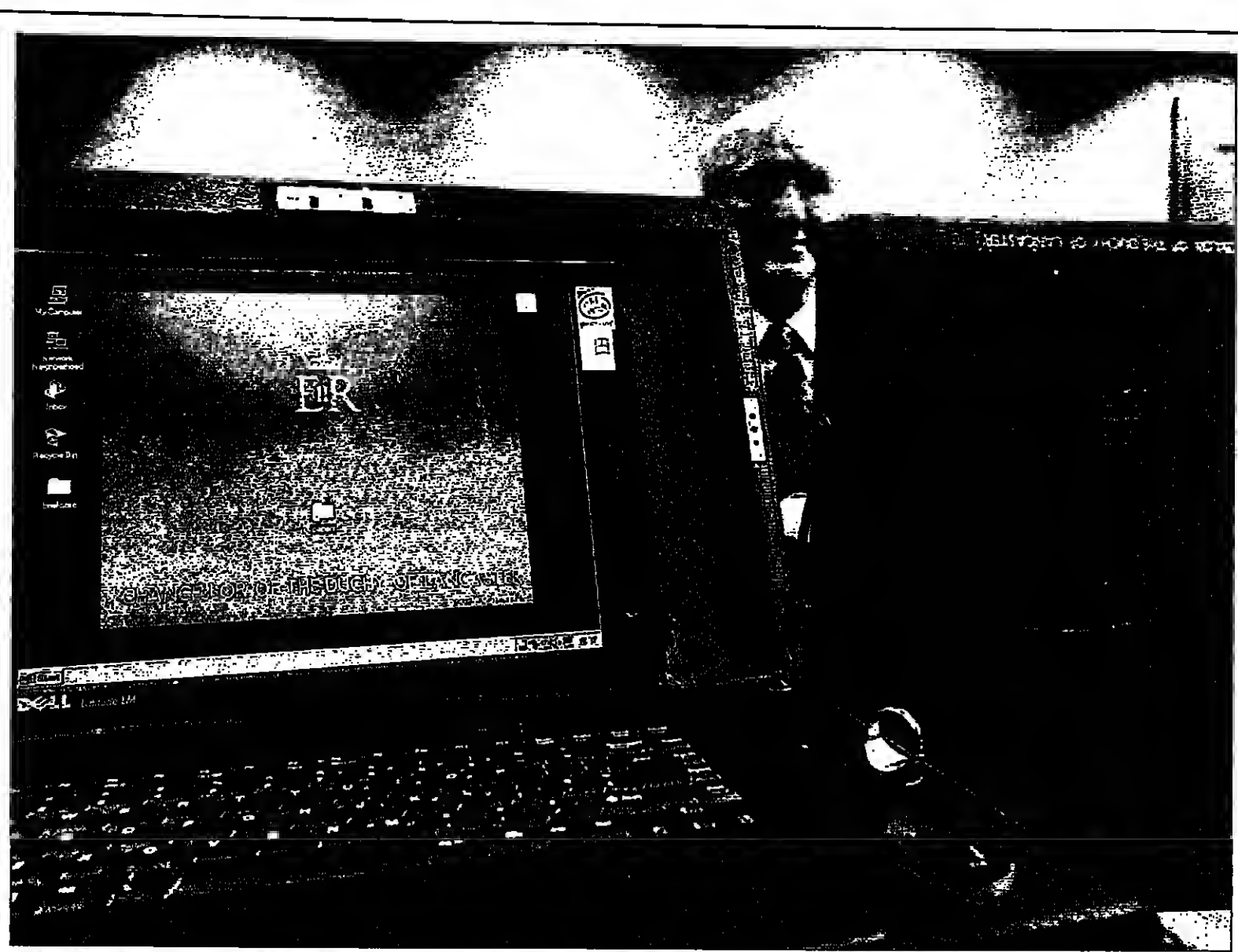
Suitable implementation bodies and mechanisms for policies agreed by the North/South Council in meaningful areas, and at an all-island level.

Standing intergovernmental machinery between the Irish and British Governments, covering issues of mutual interest, including non-devolved issues for Northern Ireland, when representatives of the Northern Ireland Administration would be involved.

Provision to safeguard the rights of both communities in Northern Ireland, through arrangements for the comprehensive protection of fundamental human, civil, political, social, economic and cultural rights, including a Bill of Rights for Northern Ireland supplementing the provisions of the European Convention and to achieve full respect for the principles of equity of treatment and freedom from discrimination, and the cultural identity and ethos of both communities.

Appropriate steps to ensure an equivalent level of protection in the Republic.

Effective and practical measures to establish and consolidate an acceptable peaceful society, dealing with issues such as prisoners, security in all its aspects, policing and decommissioning of weapons.



Open case: David Clark, minister for government IT strategy, with the hi-tech red boxes, complete with fingerprint ID. Photograph: Andrew Buurman

## The secret of the ministers' new red box

The days of the government Red Box piled with ministerial homework are about to end - replaced by a hi-tech, talking, listening laptop computer which identifies its owners by their fingerprints.

The intention is to replace the many boxes of paperwork that ministers have to carry back and forth.

The old ones, in use since the days of Gladstone, can carry the equivalent of two telephone directories of paper memoranda and drafts, and ministers can have six or more to carry around. The new computer versions weigh less than

one full box, but can carry many times the contents of the old boxes electronically on their hard disk.

The new system took only a few months to devise, and was produced at the instigation of John Battle, the science and energy minister whose bad back makes it painful to carry full red boxes.

David Clark, Chancellor of the Duchy of Lancaster and minister for Government Information Technology Strategy, unveiled the prototype "new box" yesterday, amidst assurances that it contains security that would defeat even

the most determined hacker who might want to know the number of spoons in the Ministry of Defence canteen.

The machine is cleared to carry top-secret information. It will not work until a chip-carrying signet ring, which generates an encryption "key", is connected - and then a fingerprint ("from a warm finger", according to a Cabinet Office spokesman) must be

tendered for access: dismantling the machine would simply reveal a machine whose hard disk was scrambled beyond decryption.

The box, which consists of a Dell laptop computer, then speaks to the user with the voice of a "female middle-ranking Southern Counties civil servant" (whose identity is being kept secret).

The "contents" of the box are then spread out over a standard "desktop" on screen - defeating a technique used by civil servants of slipping things past ministers by putting them at the end of a deep box of otherwise boring material.

It also contains software which can translate speech into typed text, with "sticky" notes to be attached to documents. When the minister has

finished with it, the revised contents can be loaded back onto the government network. That can even be done over telephone lines, because the electronic scrambling cannot be broken by existing computers.

Any papers which need signing can be printed out on paper. Each box will cost about £2,400, including the software, while each minister should only need one or two. At present there can be up to a dozen red boxes floating around a minister's office.

— Charles Arthur  
Science Editor

## Pensions threat denied

Government and Labour spokesmen yesterday denied any suggestion that welfare reform plans posed a threat to the middle classes' state pension.

They said Harriet Harman, Secretary of State for Social Security, had spoken of a possible "affluence test" in the context of disability benefits and statutory maternity pay, and not pensions.

One spokesman said that Tony Blair had spoken of the problem of helping the poorest pensioners - but that did not mean that the better-off were being targeted for pension cuts.

The Prime Minister said in a weekend interview: "You've got a million pensioners at the moment that aren't even claiming the income support to which they're entitled, and living sometimes in very considerable poverty indeed."

But it was said yesterday that one of the problems was that income support was a means-tested benefit, that testing was proving a deterrent, and ministers were trying to find ways of getting around that difficulty to ensure that the money went to those in need.

However, Sally Withers, director of the Child Poverty Action Group, warned that extending means-testing to universal benefits would make it less likely that the benefit would reach those who needed it. "We hear a lot about cuts, but little about increases to benefit levels, suggesting that the aim is to redistribute but to reduce benefit expenditure. If redistribution is the intention, then why only within the social security budget, when a much wider redistribution of income and wealth is clearly called for?"

She said the Government could cut social security spending by tackling unemployment, low pay, lack of childcare and rent controls, which were largely the reasons for increased spending. Ministers say that is precisely what they are doing.

— Anthony Bevins

## Davies turns down Wales vote inquiry

The Secretary of State for Wales dismissed calls for an inquiry into the counting of votes on the devolution referendum last night despite admitting that last-minute advice was not applied in some areas.

Ron Davies said in a letter to Gareth Thomas, Labour MP for Clywd West, that the discrepancy could not have altered the "clear majority" in favour of a Welsh assembly.

Although new guidance was telephoned to counting officers after the polls closed on 18 September, two of the 22 areas did not follow it. The chief counting officer, Professor Eric Sunderland, had decided to make it clear that people who wrote "no" next to the "I do not agree" box instead of putting a cross should be registered as disagreeing with the proposal. This did not happen in either Pembrokeshire or Powys.

"It is a matter of considerable regret that politically motivated and misconceived allegations have been made impugning the efforts made by the chief counting officer, counting officers and their staff to conduct the various counts properly and effectively," he wrote.

In a parliamentary answer re-

leased at the same time as the letter, he added: "I should make clear that I have received no representations calling for an inquiry, and I have no intention of calling for an inquiry on this matter." If there were too few observers this was because political groups failed to nominate enough people. Afterwards, no observer was reported as being dissatisfied with the conduct of the count.

Mr Davies said that two people had written to him about allegations made in the past week. These included claims that it was difficult to identify which boxes came from which areas and that different practices were applied on spoil ballot papers.

The statement did not satisfy the Conservatives, who laid 41 questions in Parliament last night on the handling of the vote. Nigel Evans, a Tory spokesman on constitutional affairs, said his party would continue to press for an inquiry.

"Mr Davies is prepared for a question-mark always to remain over the referendum in Wales just simply to ensure that he keeps his job. This is a very sad day and a black day for the people of Wales," he said.

— Fran Abrams

## Mistress may join Cook's tour

Downing Street officials said last night that Robin Cook would not be taking his partner Gaynor Regan on a "world tour". Colin Brown, Chief Political Correspondent, says she may go to China with the Foreign Secretary.

As diplomatic questions go, whether the Foreign Secretary should take his mistress with him on a diplomatic tour ranks as one of the trickier examples.

With the prospect of meeting the Clintons in Washington, there would have been the tricky business over the canapés of whether to mention the president's own alleged extra-marital affairs.

Downing Street tried to damp down media interest in "Cook's Tour" with his mistress by scotching suggestions that the Foreign Secretary would be taking his live-in lover, Gaynor Regan, with him when he went to the White House on Thursday and Ottawa on Friday.

However, they could not rule out the possibility that Ms Regan, who is now sharing the Foreign Secretary's official residence, Carlton House Terrace, would accompany Robin Cook on next week's tour of China and Hong Kong.

Officials scratched their heads and said they could not find a precedent. There were occasions, said a Downing Street source, when a partner should accompany a minister abroad, particularly if there were social events to host.

Mr Cook announced on Sunday that he

planned to marry Mrs Regan after he had divorced his wife, Margaret.

The Downing Street spokesman said that when Mrs Regan travelled with Mr Cook, it was "as the partner of the Foreign Secretary, who is estranged from his wife."

"Robin Cook has made clear that he is estranged from his wife and regards Mrs Regan as his partner. It is not unusual for the spouse or partner of a minister to go on official visits of that sort, particularly if there are cultural aspects or the first would also be accompanied."

A Foreign Office spokesman said Mrs Regan would not travel as Mr Cook's secretary but as his partner. "Her activities are synonymous with being a spouse." Her official trips would be funded from Government sources, as with other partners and spouses.

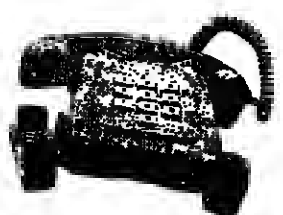
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# 6/IN THE COURTS

## Judges dismiss Guerin murder suspect's fight against extradition to Ireland

A man wanted by the Irish police in connection with the murder of award-winning investigative journalist Veronica Guerin yesterday lost his High Court battle against being sent back to Ireland to face trial.

Two judges in London dismissed an application for a writ of habeas corpus made in an attempt to free John Gilligan from custody. His lawyers are now considering whether to appeal to the House of Lords against the decision.

A total of 18 extradition warrants were granted by the Special Criminal Court in Dublin seeking Mr Gilligan's return to face a murder charge arising out of the shooting of Ms Guerin in June 1996, as well as firearms and drug trafficking offences. Today Lord Justice May, sitting with Mr Justice Auld, rejected claims by his lawyers that there had been unfairness and an abuse of process in legal proceedings which led to the order for him to be delivered up.

The judges upheld an order made at Woolwich magistrates' court in south London last October that Gilligan should be sent back to Ireland to face the murder charge, although two of the warrants were quashed.

Lawyers for Mr Gilligan unsuccessfully argued that the order was flawed because there was insufficient material before the supervisory magistrate enabling him to conclude that the offences specified in the Irish

warrants corresponded with English offences, as required by law.

Mr Gilligan, 45, of Dublin, had been facing prosecution in England for drugs-related offences. But the English trial was adjourned after the courts accepted that moves to return Gilligan to Ireland should take precedence.

Yesterday, the High Court ruled that the decision was "fully justified" and not open to judicial review. The judgment also

found that there had been "good and sufficient cause" for extending the time limits for his custody.

Mr Gilligan described himself as "the prime suspect" shortly after Ms Guerin's death, but strenuously denied being involved in the murder.

He was arrested in October 1996 at Heathrow airport on charges of drug trafficking and money laundering, and is now being held at the high security Belmarsh

prison in Woolwich. He was alleged to have been attempting to board a flight to Amsterdam with a case containing £330,000 cash, mostly in Irish and Northern Irish currency.

Ms Guerin, 37, an award-winning journalist and mother of a young son, was shot dead at the wheel of her car in Dublin by two hitmen on a motorcycle in June 1996 prompting one of the biggest investigations undertaken by the Irish police.

## Drink-driver who killed is saved by victim's father

A Cambridge student who killed two of his friends in a drink-drive accident avoided going to jail after an emotional appeal from the father of one of the victims. But, says Andrew Buncombe, campaigners claim the judge has made a mistake.

John Were had been drinking quite heavily at a 21st birthday party, but it was late and he and his friends wanted to get home. He did not want to drive but his friends persuaded him, and the six of them clambered into his Volkswagen Golf.

On a bend of a narrow road near Mapledurham, Oxfordshire, the car careened into a tree. The 21-year-old Cambridge undergraduate was unhurt but Jonathan Sage, 21, and Lisa Cohen, 19, were killed instantly. Simon Dixon, 21, received multiple injuries, while Jonathan Messum, 21, and Ross Elder, 21, both suffered broken arms.

Yesterday, Were, of Walton Hill, Newbury, Berkshire, appeared at Oxford Crown Court having pleaded guilty to two counts of causing death by careless driving with excess alcohol, in the accident last July.

He could have received a maximum sentence of 10 years imprisonment, but David Sage, father of Jonathan, said in court that he did not want to see Were sent to jail.

"It would not help us at all. I feel no feelings of retribution to John," he said. "I know in my

heart of hearts that my son had some degree of responsibility for what happened and I would not like to see John go to prison. My wife is of absolutely the same opinion." The father of one of the injured passengers, Air Vice-Marshal Ronald Elder, was also in court to support Were.

Having heard Mr Sage's appeal, Judge Charles Harris said he thought there were exceptional circumstances and that sending Were to jail would only exacerbate his "lifelong anguish". He sentenced him to an 18-month term suspended for 12 months. "This sentence is not normal for a person who commits an offence of this kind but the circumstances are exceptional and justice does not call for an immediate prison sentence," he said.

After the hearing Were, a second-year English student who was three times over the alcohol limit, said he was relieved by the decision. "I thought I was going to go to prison."

But Maria Cape, spokeswoman for the Campaign Against Drinking and Driving, said yesterday: "I am very surprised about this. Not only must the father of the dead man be very forgiving but I think the judge is wrong. The people killed in this tragedy were passengers in the car. On other occasions it could be people walking on the road. I think the judge is sending out the wrong message. I certainly think [Were] should have gone to jail."

The group is seeking to reduce the legal alcohol limit for driving from 80mg to 20mg per 100ml of blood.



John Were at Oxford Crown Court yesterday with his sister Anna

Photograph: Ben Gurr

## Welsh Office gets blame for inaction on child abuse

It was suggested at the North Wales child abuse tribunal yesterday that lack of action by the Welsh Office created the climate in which the 'evil actions' of some carers could go undetected. Roger Dobson looks at the accusations.

Welsh Office failings under the Tories may have allowed a climate in which abuse in children's homes could flourish, the North Wales abuse tribunal was told yesterday.

"If the basic mechanisms to safeguard and sustain the welfare of a child in care were not in place, and the Welsh Office through ignorance or otherwise did not intervene effectively, what prospect was there that the evil actions of a minority of carers would be prevented or detected?" asked Gerard Elias QC, counsel for the tribunal.

"From the point of view of a victim of abuse, the Welsh Office was in all probability as unknown as it was unseen," he said in his opening speech on the role of the Welsh Office.

He revealed that in the mid-Eighties, when abuse is now alleged to have been widespread, the Welsh Office reduced the number of inspectors it employed from 14 to five. By the early Nineties, he said, there was only one inspector to deal with child care. Last year, the inspectorate was increased to nine.

The tribunal was told that from 1976 to 1987 there was no formal system to monitor services or standards. The Welsh Office was also accused of ineffectiveness, of being non-interventionist, of substituting excuse for strategy, and of being unaware of persistent failings at local level. "The tribunal may think that ... the Welsh Office failed to plan

by setting aims and objectives, failed to ensure that the local authorities understood what was expected of them, failed to set and ensure minimum levels of service and standards, and failed to collate and disseminate information about the services and needs that the local authorities were expected to provide and meet," Mr Elias said.

He added: "The tribunal may conclude that the Welsh Office's almost inanimate, non-inquisitive stance, affected as it undoubtedly was by a paucity of resources, rendered it far less likely to discover and deal with abuse as and when it existed."

He said that the Welsh Office had the power to be the ultimate inspector of homes and supervision of child care: "Yet from 1973 to 1996 there is no real evidence that such supervision had either any defined aim or effect and indeed there is now clear evidence of repeated and extensive breaches of statutory duty by local authorities which were apparently unknown to the Welsh Office."

"It is submitted that a victim would have been hard pressed to discern the existence of any effective or significant exercise of these powers, at least in ways which might have facilitated the detection and prevention of abuse. While it is accepted that, in common with other agencies, the Welsh Office could not hear cries for help that were not made at the time, the failure to play a more forthright role may have reduced its chances of detecting the signs of an abusive regime, thereby permitting a climate where abuse could flourish."

The Welsh Office response to a major national report was also criticised. Why was a circular not issued after the Kincoira report restricting home managers' job to qualified staff? "The tribunal may think that the ... response to the report was as ineffective in this case as it was in respect of many other reports," he said.

## Protest disrupts murder appeal of paratrooper

A protest by the brother of a terrorist murder victim yesterday interrupted the opening of a fresh appeal by paratrooper Lee Clegg against his murder conviction.

Roger Dillon, whose brother Seamus was shot dead last month by the Loyalist Volunteer Force outside a hotel in Danganoo, Co Tyrone, shouted: "Clegg should be locked away and never be released." Mr Dillon claimed that there had been a cover-up by the Royal Ulster Constabulary over his brother's murder.

"There is no justice for nationalists - you have to be a policeman or a soldier," he told the Northern Ireland Court of Appeal in Belfast. Lord Chief Justice Sir Robert Carswell told Mr Dillon: "You have made your protest - leave quietly." He was

escorted from the court by two RUC officers.

Lance-Corporal Clegg, 30, of Wakefield, West Yorkshire, was jailed for life in 1993 for murdering 18-year-old Karen Reilly, a passenger in a stolen car that crashed through a West Belfast road block in 1990. He lost two appeals but was released after serving just over two years and is now back with his regiment.

L/Cpl Clegg is appealing against his conviction. He claims that he did not shoot any of the 19 bullets fired by soldiers after the car passed him. The case was referred back to the Northern Ireland Court of Appeal by former Secretary of State for Northern Ireland Sir Patrick Mayhew after he was presented with new forensic evidence. L/Cpl Clegg's legal adviser,

Simon McKay, who spoke to him before the hearing, said: "He was optimistic that eventually we will prove the truth of the shooting. As far as Lee Clegg is concerned he never fired after the car passed him."

The first of the new defence witnesses to be called was Dr Graham Renshaw, a ballistics expert, who carried out firing tests on a car similar to the one in which Ms Reilly was a back-seat passenger. L/Cpl Clegg's defence team, led by Anthony Scrivener QC, have compiled a three-minute video reconstruction of the shooting which they believe will lead to his acquittal.

About 30 members of Sinn Féin, the republican prisoners' group, staged a protest outside the court. The hearing continues.

## 'Minority could be misled' by diaries

Only a small minority of readers of the London Evening Standard could be misled into believing that a parody of Alan Clark's Diaries, published by the newspaper, was written by the Conservative MP himself, the High Court in London was told yesterday.

In a closing speech, Peter Prescott, QC, counsel for the Standard, said the case was an important one because of its implications for freedom of expression.

Evidence in the case, in which Mr Clark is seeking an injunction to prevent the newspaper from running the parody in its current form, is expected to conclude today.

— Kathy Marks

## Six charged after teenage death

Six teenagers charged with harassment following the death of 13-year-old Kelly Yeomans appeared before magistrates yesterday.

The boys, aged 13 to 17, are accused of harassment between 4 September and 25 September 1997, while the girl, 15, faces an allegation of harassment on 25 September last year. None can be named for legal reasons.

Kelly was found dead at her home in Al-lenion, Derby, on 29 September last year after apparently swallowing an overdose of painkillers. Her family alleged she had been bullied. Magistrates adjourned the hearing at Derby Youth Court and all six teenagers were bailed to reappear on 27 January. An inquest has been adjourned until the outcome of criminal proceedings is known.

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# 7/ENVIRONMENT NEWS

THE INDEPENDENT  
TUESDAY 13 JANUARY 1998  
7

## UN launches battle to save the oceans

The UN has declared 1998 the International Year of the Ocean to highlight the threats that seas face from pollution and over-exploitation, and their importance to man. Nicholas Schoon, Environment Correspondent, sees the World Wide Fund for Nature back the fight.

exploited," said Prince Philip at a WWF press conference in London yesterday.

It took three years for the first United Nations treaty covering fish stocks shared between nations to be negotiated. Yet only 12 of the top 20 fishing nations had signed the agreement and only four had gone on to ratify it since the agreement was reached in 1995. It therefore has no legal force as yet.

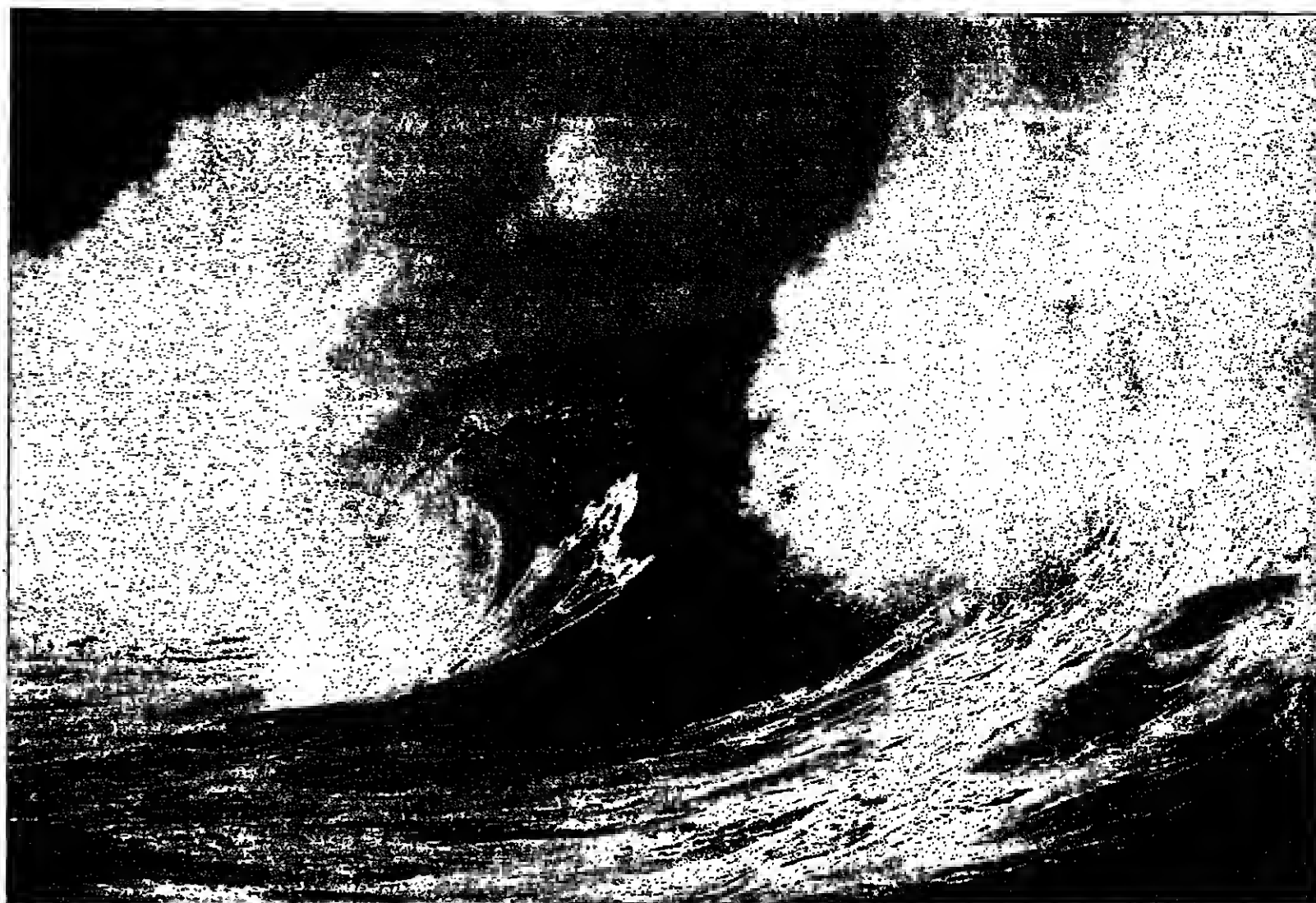
"The response has been disappointing, to put it mildly," said the Duke of Edinburgh. "If ... governments do not implement the terms of the agreement as soon as possible ... there will be very little for the next generation of fishermen to catch."

At the launch yesterday the WWF cited an estimate from the UN's Food and Agriculture Organisation that while some 80 million tonnes of fish were landed each year, 20 million tonnes were thrown over the side of boats, dead, because the nets bring up the wrong sort of fish - over quota, or undesired. But this "bycatch" is gradually reducing, for as the prized fish species become scarcer, markets

are opening for what was once considered "trash fish". The bycatch includes huge quantities of juvenile fish as well as sharks, dolphins and turtles. A recent study estimated that more than 40,000 albatrosses are killed annually by tuna fishermen using lines up to 80 miles long, with as many as 3,000 hooks.

The WWF, along with food multinational Unilever, has supported the formation of a Marine Stewardship Council. Its task is to award eco-labels to fish, and fish products, which are caught without posing any threat to stocks. The hope is that such fish will attract a premium price, encouraging more of the industry to subscribe.

Marine biologist Sidney Holt, of the Independent World Commission on the Oceans, said: "I read many of the publications for the fishing industries ... For every sentence there may be published about ... conservation, there will be a page or more about the building of more, bigger and more powerful boats, the construction of bigger nets ... Making profits now or soon is the name of the real game."



Clear waters: The International Year of the Ocean, started yesterday, will draw attention to the plight of the seas Photograph: Alex Williams/Planet Earth

Forests have been called the "lungs of the world", but the oceans are just as deserving of this title. They absorb about half of the extra carbon dioxide which our accelerating consumption of gas, oil and coal are adding to the atmosphere. They play a crucial role in regulating and stabilising the climate.

They are also a larder for mankind, albeit one that is being grievously raided. "There is overwhelming evidence that not just fish stocks but the vast bulk of the renewable resources of the ocean are being over-

## South African invaders spell death for the floral symbol of Spain's sunny south



The geranium, much loved by Spaniards, and butterflies

The face of Spain is being transformed as a South African butterfly eats its way through the essential feature of every Mediterranean balcony and patio. Elizabeth Nash reports on the eradication of the geranium.

So farewell then, that riotous blast of colour as essential to the image of southern Spain as sultry señoritas in polka-dot flounces. The decline of the geranium, renowned for its indestructibility, is preoccupying a nation of balcony-lovers as they watch their favourite pot plants wither and die.

The geranium is being destroyed by a plague of South African butterflies and the southern Mediterranean is set

to become a geranium-free zone. The culprit is *Cycnus marshalli*, known as the Geranium Bronze, a common co-habitee with the flower in its South African habitat but a murderous predator in Europe since it was inadvertently introduced into Mallorca in 1989.

The butterfly lays its eggs on a plant and when the grubs hatch they burrow into the stems and buds and munch the plant from within. Protected

from pesticides, they destroy a pot of blossoms within weeks.

Only the far northern Cantabrian coast remains untouched by the butterflies, which have spread to Portugal, southern France, Italy and the Netherlands.

"The butterfly was introduced by someone importing an infested cutting, because this is not a migratory species. It's now impossible to stop the plague," says the Catalan

botanical scientist Albert Masso, who has been studying the matter for six years.

In Spain 500 greenhouses produce 10 million geraniums for sale in a business worth £13m a year. The agricultural pressure group Vida Sana (Healthy Life) says commercial pressures caused the problem.

"Intensive cultivation in the greenhouse at a temperature of 30 degrees speeds up the butterfly's life-cycle from its nor-

mal 82 days to 33 days. This produces twice as many generations of butterflies in the year, even during the winter," a spokeswoman said.

Nonsense, says Dr Masso. "The problem comes when the plants are put in gardens or balconies. The majority of geraniums start off healthy and are attacked later, because the Geranium Bronze has no natural predators in Europe."

Strong insecticides applied

every two weeks, keep the plague at bay, he says. But Vida Sana says pesticides tackle only the symptoms, not the cause of the problem.

Dr Masso agrees that pesticides are only a short-term solution. "We cannot combat this plague effectively. It might leave some corners untouched, but it will continue. I am pessimistic."

We must, therefore, reconsider the virtues of the petunia.

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Three women: The jury members of the 1998 Montblanc de la Culture award yesterday at Apsley House, in London, home of the Marquess of Douro, chairman of the Montblanc foundation; (from left) Thelma Holt, the theatre producer, the novelist Josephine Hart and Darcey Bussell, the principal ballerina; the arts award, in its seventh year, is to raise awareness of the need for increased arts patronage. Photograph: David Rose

## Bart's doors may close as Labour follows Tory lead

An inquiry into the future of London's health care has decided that St Bartholomew's hospital should close, but has been unable to agree whether this is realistic. The conclusion is, nevertheless, likely to seal the fate of the capital's oldest hospital, says our health editor.

Bitter disagreements have blighted the London Review panel, set up last May by Frank Dobson, in one of his first acts as Secretary of State for Health, to examine the future of health care in the capital.

The five-member panel, chaired by Sir Leslie Turberg, former president of the Royal

College of Physicians, has been unable to agree whether closing St Bartholomew's hospital and transferring its departments to the Royal London is practical, and has made no recommendations about proposed changes at Guy's and St Thomas' hospital.

BY JEREMY LAURANCE

However, it has concluded that London no longer has too many hospital beds.

The review panel's report has been with ministers since November and publication was expected before Christmas. A health department spokesman said it would now appear "in the coming months".

The delay reflects the political sensitivity of the decisions facing ministers. The review was promised before the election by Chris Smith, then shadow health secretary and an Islington MP, as a means of staving off unpopular decisions. St Bartholomew's hospital, which has stood on its Smithfield site over the border from Islington for 870 years, was earmarked for closure by Virginia Bottomley, the then Tory health secretary, and has been the subject of an emotive five-year campaign to save it.

The review panel's report says the best answer to the Bart's problem would be to transfer its remaining departments (the accident and emergency department closed three years ago) to the Royal London in Whitechapel, in line with the former Tory policy, where there are plans for redevelopment to provide 1,200 beds at a cost of £250m, funded through the private finance initiative. The plans would also involve the closure of the London Chest Hospital

and the Queen Elizabeth Hospital for Children, merging all four hospitals on a single site.

The plans are backed by the Royal Hospitals NHS Trust, encompassing the four hospitals, which says keeping Bart's open would cost an extra £26m a year, and by the consultant staff of the Trust who voted overwhelmingly in favour of the single-site solution in a ballot before Christmas.

However, a minority on the review panel argued that closure of Bart's would result in an unacceptable loss of beds that would be unlikely to be re-provided at the Royal London. They also questioned its affordability, pointing out that the Chelsea and Westminster Hospital in west London, which opened in 1993, cost more than £200m to provide only 600 beds.

The panel's report, agreed after its final meeting on 6 November, sets out the pros and cons of closing Bart's put forward by the two sides, leaving the final decision to ministers. It is understood that health ministers have reluctantly accepted that the Tories' closure plan should go ahead but any decision would only be taken with the agreement of the Prime Minister and the Treasury.

The review report says that London now has fewer hospital beds than the rest of the country, when account is taken of patients coming into the capital from outside for treatment.

The report makes no recommendations on the plans for Guy's and St Thomas', Britain's largest NHS trust. However, it raises questions about the proposals to close Guy's accident and emergency department in 1999 and to build a 232-bed women and children's hospital costing more than £100m on the St Thomas' site while mothballing an 11-storey tower three-quarters of a mile away on the Guy's site.

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## Union quits TUC in Ford race row

A 15,000-strong lorry drivers' union yesterday resigned from the TUC in a row provoked by an allegedly racist recruitment procedure at the Ford car plant in Dagenham.

The United Road Transport Union (Urtu) had faced suspension over claims that it had "poached" from the Transport and General Workers' Union some 300 truck drivers based at the Essex works. The drivers voted to join Urtu after the 890,000-strong TGWU took legal action against the system for selecting employees for the truck fleet. The T&G claimed the recruitment practices discriminated against members of ethnic minorities, but existing drivers disagreed, left the union and joined Urtu.

A spokesman for the smaller union denied "poaching" members and said the TUC's insistence that it should hand them back was unlawful. "Workers have the right to belong to the union of their

choice," a spokesman said. "On the one hand the TUC was saying it expected unions to behave in accordance with the law – and on the other hand telling us to disobey the law... We have not been treated fairly."

The lorry drivers' union said it would save £25,000 by its decision, which it would spend on services to members. It had decided to quit the TUC rather than acquiesce in the suspension which was due to last until September's annual congress.

Bill Morris, leader of the TGWU, which has pointed out that only "two or three" of the 300 drivers were from ethnic minorities, said the union was committed to equality of opportunity. He urged the rebel drivers to rejoin his union.

John Monks, TUC general secretary, said he was "saddened and disappointed" by the decision and denied his organisation was breaking the law.

— **Barrie Clement**  
Labour Editor

## DAILY POEM

From the Other Side

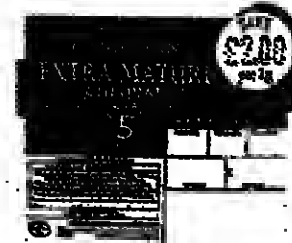
By John Hartley Williams

The man explained to his astonished listeners  
He'd been dead a while. Then a tag  
On his mortuary toe had twitched  
They warmed him up. Three weeks he'd been in the freezer  
Had he dreamt anything at all during this time?  
O yes. The moon kept sailing up, as if  
Into the dark blue theatre of his mind, & a toy boat  
Crossed a wooden sea, with an elegant tabby  
Strolling its planks, a pole on her shoulder  
And a spotted handkerchief on the end  
What was in the handkerchief? they asked  
Two pictures of a woman. A bundle of letters...  
And the cat...? The cat spoke fluent Hungarian –  
A language he'd never bothered to learn

Our Daily Poems until Monday 19 January (when the winner will be announced) come from the volumes shortlisted for the 1997 TS Eliot Prize, presented by the Poetry Book Society. All the authors will take part in a reading on Sunday 18 January at 7.30pm in the Almeida Theatre, London N1 (box office: 0171-359 4404). This poem comes from *Canada* (Bloodaxe, £7.95). © John Hartley Williams.



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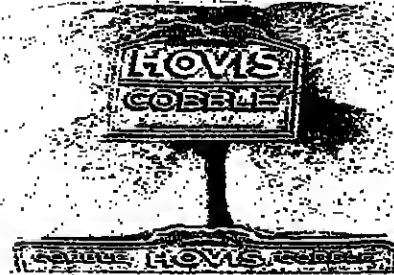
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## Rwanda mass killers armed by France

France exported arms to the former Hutu regime in Rwanda in 1994, even though genocidal massacres of Tutsis were happening on an epic scale, says new evidence. The late President Mitterrand is quoted as saying: "In countries like that, genocide is not so important." John Lichfield reports.

Even from the point of view of realpolitik and overriding national interest, French policy on central Africa in the 1990s has been a disaster. First Rwanda and then Zaire fell into the hands of rebel forces profoundly hostile to France and French influence in the region. The *Figaro* began articles yesterday investigating the morality and political motives of French diplomacy in the region 1990-1994, a policy driven mostly by the Socialist François Mitterrand. The investigations by Patrick de Saint-Exupéry are all the more startling for appearing in the patriotic *Le Figaro*. Although they mostly blame Mitterrand, they also accuse the then centre-right government of Edouard Balladur of cravenly accepting a policy of uncompromising support of the murderous Hutu regime in Kigali. Fearing an extension of US influence, Mitterrand insisted on supporting the Hutu government, despite evidence that genocide was planned and even after the massacres began. *Le Figaro* quotes him as telling advisers: "In countries like that, genocide is not so important."

France to Rwanda. The Foreign Ministry denied it yesterday, saying Paris halted all arms exports in 1993. *Le Figaro* reported, however, that it was told by a senior officer that shipments continued until a month before France's "humanitarian" intervention in the conflict on 23 June, 1994. The paper also said arms for the Rwandan government continued to arrive at the airport in Goma in Zaire in July of that year, when it was controlled by French troops.

*Figaro* also says two Rwandan officials, including one now under arrest on suspicion of inciting genocide, visited the Elysée Palace, home of the President, and Matignon Palace, home of the Prime Minister, in April 1994, three weeks after massacres of civilians began. At the Elysée they saw Bruno Delage, then head of the African advisory "cell". He told Mr de Saint-Exupéry: "(At the Elysée) I must have seen 400 murderers and 2,000 drug-traffickers. When it comes to Africa, you can't help getting your hands dirty."

Defeat of the genocidal Hutu government in the war with Tutsi forces, invading from Uganda, damaged French influence in the region, and Africa as a whole. The new Rwandan government went on to support Laurent Kabila's rebels in their push against President Mobutu in Zaire (also supported by France almost to the last). The episodes, and hudgetary restraints, forced a re-examination of France's African policy. The present prime minister, Lionel Jospin, and his predecessor, Alain Juppé, favoured lower-level military engagement and less unquestioning support of authoritarian regimes.

Kigali: Hutu rebels killed nine Catholic nuns at a convent in Rwanda's north-western province, *Reuters* reports.



Algerian villagers mourn victims of a night raid by terrorists in Bouira province yesterday. The killings, 50 miles south of Algiers, add to the slaughter in the conflict between government forces and Islamic extremists. About 1,000 people have died so far this year. Photograph: Reuters

## Iraq slaps new ban on weapons inspectors

Iraq yesterday headed into a new confrontation with the UN saying it will not allow any arms inspection by an American it claims is a spy. It also complained that the inspection team was dominated by US and British experts. Patrick Cockburn reports on the renewed crisis.

"It is absolutely untrue," says Scott Ritter, the head of the UN team monitoring Iraqi strategic arms. "I have never been employed or affiliated with the CIA. I find it disturbing and even insulting that Iraqi authorities with whom I have worked in the past six years would undertake such tactics."

Iraq announced yesterday that from this morning Mr Ritter would be banned from carrying out inspections. A UN official confirmed that the team contained nine Americans, five

Britons, a Russian and an Australian. The decision by Iraq appears to mean that the confrontation between Iraq and the UN which led to a crisis in November is set to resume.

The Iraqi News Agency quoted a government spokesman as saying that Mr Ritter's team included too many Americans and Britons, adding the team will not be allowed to carry out inspections unless it is re-composed in a more balanced manner.

In New York, Ewen Buch-

anan, a spokesman for the inspection team, said the United Nations had not been informed officially of the Iraqi decision: "We're trying to find out what this means."

In November, Saddam Hussein, the Iraqi leader, ordered American inspectors out of the country on the grounds they were spies. The UN then withdrew all of its inspectors in protest. They were allowed to return a week later under a Russian-brokered deal. Inspections have resumed without

confrontation since then, although Iraq still refuses to allow inspectors into Saddam Hussein's palaces and other so-called sensitive sites.

The UN says that trade sanctions imposed on Iraq after its 1990 invasion of Kuwait will not be lifted until its weapons of mass destruction are destroyed. Iraq and much of the Arab world sees the weapons inspections as simply a way for the US and Britain to keep Iraq permanently under economic embargo and politically weak.

## Vaccine hope in Aids war

In what could be a milestone in the battle against Aids, the US government has given the green light to a first full-blown human trial for a possible vaccine developed by a small biotechnology company in San Francisco.

Roughly 7,500 healthy people will be picked for the three-year \$20m (£12m) study, which is due to begin shortly. If it is successful, a vaccine could be publicly available early next century.

While some 40 potential vaccines have been developed by US researchers, most have been disappointing and only one has made it to phase II testing. This is the first time approval has been given for a fully fledged phase III study. While phase II studies are designed to evaluate the safety of a vaccine, it is only at phase III that effectiveness is properly judged.

The company, VaxGen, said about 5,000 of the participants will be in the US with another 2,500 recruited in Thailand. About half the individuals, who will be healthy but at high risk of HIV infection, will receive the vaccine while the others will be injected with a placebo.

"There's nothing magic about this vaccine, but it's our best hope so far and it's time to take the next step," Donald Francis, president of VaxGen, is reported as saying. "I am optimistic."

The reaction in the Aids advocacy community, which has suffered so many disappointments, was cautious. "The vaccine is not the end of the road. It is the beginning," said Jose Zuniga of the International Association of Physicians in Aids Care.

The key ingredient of the experimental vaccine, which has been under development for a decade, is a protein named gp120, which should bind together the Aids virus in the body. In theory, it will help create antibodies that would prevent the virus from attaching to receptors on white blood cells.

— David Osborne, New York

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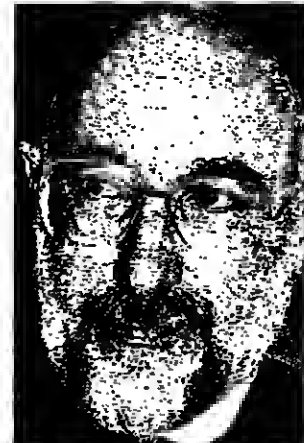
## US hints at Clinton broadcast to Iran

President Bill Clinton is considering whether he might respond in kind to last week's overture from the Iranian President, Mohammad Khatami, by making a television broadcast to the Iranian people. The idea was initially floated by an Iranian newspaper and was not excluded as a possibility by Mr Clinton's National Security Adviser, Sandy Berger.

In one of the most positive assessments of Mr Khatami's television interview to have come from US officials, Mr Berger praised the "new tone" in the Iranian President's words and said: "We would like to have a new relationship, a better relationship, with Iran."

Asked about prospects for an interview, he told the CNN network, which conducted and broadcast Mr Khatami's interview: "We'd certainly take a look at it." Diplomatic relations between the US and Iran were broken off in 1979 after Iranian Islamic Revolutionary Guards laid siege to the US embassy.

Mr Berger said that Washington would consider ways to encourage unofficial exchanges between US and Iranian private



Khatami: Went on CNN to address America

citizens - the "popular diplomacy" called for by Mr Khatami last week. He also promised a review of the present, exceptionally tough, US visa regulations applying to Iranians.

These undertakings follow the disclosure last week that the US might reconsider its policy of sanctions against individuals and third countries that do business with Iran - a policy that has strained relations with several countries, in particular France and Russia.

— Mary Dejevsky, Washington

## Equality cuts loose in the hair salon

It has been decades since hairdressers went unisex. Inviting men and women into the same salon, but in New York City they will now have to take the concept a step further. Pricing must be unisex too.

Thanks to a law just passed by the city council, salons that post prices in their window that distinguish between basic cuts for men and women will be breaking the law. They could be fined \$500 if they persist.

Indeed, gender discrimination will be a no-no for all businesses. Dry cleaners will no longer be able to charge more for a woman's blouse than a man's shirt. Department stores that ask women to pay for al-

terations on clothes but offer trouser turn-ups to men for free will also have to change. And say goodbye to those come-ons that have sometimes try out like half-price drinks for women on Fridays.

For its promoters, the move is a logical extension of the broader anti-discrimination laws. "It was an injustice what was being done to women," said Karen Koslowitz, a councilwoman. "Nowadays, it's the same thing: Men colour their hair; they have it blow-dried; they have it styled. Where I go, you see men in there all the time."

For its critics, it takes gender-correctness a furlong too far.

— David Osborne, New York

## Murder bid to kill Kaunda

Lawyers for the detained former president Kenneth Kaunda said the Zambian government tried to kill the veteran politician and even planned national mourning for him.

Sebastian Zulu told Lusaka High Court that the shooting of Dr Kaunda during a rally in August in the town of Kabwe was an assassination attempt. Dr Kaunda was injured in the attack. "Four days before the Kabwe shooting the government had already prepared a period of national mourning," Mr Zulu said.

— AP, Lusaka

## Deadly Chinese retaliation

China executed 16 people in its restive north-western Muslim region of Xinjiang for murder and robbery during a wave of anti-Chinese violence last year, a court official said.

In Almaty, in the former Soviet republic of Kazakhstan, a spokesman for a Muslim exile movement said China had executed 13 Uighur separatists but vowed that their fight for an independent "East Turkestan" would go on. The Chinese said death-row convicts included a gang who killed and robbed to "fan ethnic hatred and create an atmosphere of terror".

— Reuters, Peking

## Close call for Netanyahu

The coalition of the Israeli Prime Minister, Benjamin Netanyahu, managed only a tie against an opposition no-confidence motion, reflecting the government's precarious political situation.

The former foreign minister David Levy voted with the opposition, as did four of the five members of his Geshet faction, cementing their break with the coalition after Mr Levy resigned last week. The 54-54 tie in the 120-seat parliament fell short of the absolute majority of 61 needed to topple the government. Mr Netanyahu said he was satisfied that the government had survived.

— AP, Jerusalem

## Moscow bends on Chechens

After weeks of tension between Russia and Chechnya, Moscow sounded a conciliatory note and stressed the need for economic co-operation with the breakaway republic.

The Russian government has been sending mixed signals about its policy on Chechnya in recent days. One hardliner, called last week for pre-emptive strikes against Chechen "bandits," while moderates are emphasising the need for compromise. Boris Agapov, deputy secretary of Russia's Security Council, said yesterday that Moscow should work to improve the economy in the region or risk a "worsening of the situation."

— AP, Moscow

## Yeltsin to meet the Pope

President Boris Yeltsin will meet the Pope in Italy next month in what appears part of a broader effort to improve relations between the Vatican and the Russian Orthodox Church. The Catholic and Russian Orthodox churches said they would resume talks broken off in summer and try again to arrange the first meeting of the pope and the Russian patriarch.

Mr Yeltsin is on vacation in north-west Russia after falling ill last month with a cold. During his visit to Italy he will also hold talks with the Italian President, Oscar Luigi Scalfaro, and Prime Minister, Romano Prodi.

— AP, Moscow



## Professor power takes on EMU

Four academics took the fight against the euro to Germany's highest court yesterday. In theory their action could stop monetary union in its tracks, but, as Imre Korocs explains, that is the least likely outcome.

In a country where almost nothing happens without a lawsuit or three, it was always inevitable that the German government's attempt to abolish the Deutschmark would be dragged through the courts. The plaintiffs in the latest case of Germans versus Germany are eminent academics: three leading economists and a legal expert. The venue is the Constitutional Court in Karlsruhe, whose crimson-robed judges are renowned for their Delphic pronouncements.

In a 350-page deposition handed over to the court at Germany's highest court yesterday, the professors argue that a politically disunited Europe does not need currency union, EMU, in their view, is therefore not only a superfluous, but also a dangerous exercise. In their learned opinion, member-states have failed to meet the criteria laid down in the Maastricht Treaty. "All the required conditions for a successful start and operation are clearly absent," said one of the petitioners, Wilhelm Nölling, a former member of the Bundesbank Council. "Europe is simply not ready for such an adventure or experiment."

Germany, in their view, has itself failed to fulfil the entrance requirements, coming close on certain points only by "window-dressing". They point out that the budget deficit for the qualifying year of 1997 exceeded the 3 per cent limit laid down in the Maastricht Treaty. The latest independent estimates put it at 3.1 per cent, when measured in accordance with the EU's accounting rules.

The ratio of public debt, at 61.8 per cent of GDP, also busts the 60-per-cent threshold. Even the other two Maastricht criteria – inflation and long-term interest rates – leave the academics unimpressed, because they believe them to be unsustainable amid Germany's record unemployment.

This is a bleak picture, described by the investment house Deutsche Morgan Grenfell as being "wildly out of touch with reality". It is also, to a large extent, irrelevant. To some degree, the Maastricht Treaty is open to interpretation.

In 1993 the same court in Karlsruhe ruled, at the behest of one of yesterday's petitioners, that economic and monetary union in Europe would have to be based on the "strict and narrow" interpretation of the Maastricht Treaty.

Just how "strict and narrow" is for the Bundesbank, the German legislature and representatives of the EU member-states to decide. As a result of the first Karlsruhe judgment, Germany's two-chamber parliament, the Bundestag and the Bundesrat, have the power to scupper EMU. They will take a vote in April, on the basis of the expert opinion of the country's central bank. Since the Bundesbank is broadly in favour of EMU, and all the main political parties overwhelmingly supportive, the outcome of April's votes is a foregone conclusion.

Under these circumstances, the best the academics can expect from the Constitutional Court is mild rebuke for European governments. The most likely message from Karlsruhe will be deafening silence.

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Headline that changed history: A giant reproduction of Zola's 'J'accuse' article, which appeared 100 years ago today, draped on the wall of the National Assembly in Paris

Photograph: AFP

## France still haunted by the spectre of Dreyfus

The headline "J'Accuse...", published 100 years ago today, changed the course of French history. It led, eventually, to the exoneration of Alfred Dreyfus, the Jewish army captain found guilty of treason on trumped-up, anti-Semitic charges.

John Lichfield in Paris asks why, a century later, the Dreyfus Affair still reverberates so powerfully in France.

The novelist Emile Zola wrote hundreds of thousands of words but he is best remembered for just two which, properly speaking, he did not write.

It was Georges Clemenceau, editor of *L'Aurore*, later prime minister of France, who decided to splash "J'accuse..." on the front of his newspaper, above Zola's lyrically angry intervention in the Dreyfus case.

The writer, author of *Germinal* and *La*

*Bête Humaine*, used the words over and over in the text but he had titled his piece, rather pedantically, "Letter to the President of the Republic". It was Clemenceau's startling headline – all the more startling because such headlines were not yet common – which increased circulation of the newspaper 12-fold to 300,000 and helped Zola to change the alarming direction of "L'Affaire Dreyfus".

France celebrates the headline and the Zola letter this week with ceremonies, seminars, and the draping of a 150-square-metre reproduction of the front page of *L'Aurore* over the facade of the National Assembly. President Jacques Chirac has marked the occasion with an eloquent letter to the descendants of Zola and Dreyfus. "The Dreyfus Affair," he said, "tore French society apart, divided families, split the country into two enemy camps, which attacked each other with exceptional violence..." It was a reminder, he said, that the "forces of darkness, intolerance and injustice can penetrate to the highest levels of the state". Why is the Dreyfus case still

such a live issue in France? Arguably, it changed the course of French history, confirming France as a republican and democratic state, defeating the forces of extreme nationalism, racism, clericalism and nostalgic royalism which might have pushed the country into a kind of proto-fascism or Francism. It was Zola's letter which tipped the balance, persuading other French writers and scholars to join the battle to exonerate Dreyfus. This was the supreme prototype for the engagement of French intellectuals in politics; the word *intellectuel* was first used as a noun during the Dreyfus Affair.

Secondly, the existence and strength of the far-right National Front – direct spiritual descendants of the die-hard, anti-Dreyfus camp – means that the struggle with intolerance, injustice and anti-Semitism is far from over. Publications close to the NF still regularly proclaim the guilt of Dreyfus. His statue at the Place Pierre-Lafite in the sixth arrondissement in Paris, erected three years ago, is frequently daubed with anti-Semitic slogans. As re-

cently as 1994 the head of the French army history department was dismissed for allowing the military's magazine to publish an article which described the innocence of Dreyfus, unenthusiastically, as a "thesis generally held by historians".

Finally, the broader issues raised by the case – *raison d'état* versus individual justice and truth – remain live forces in all politics but especially in the French political psyche. Witness the cynical bombing of the *Rainbow Warrior* or the French government's realpolitik support of the genocidal Hutu regime in Rwanda.

Dreyfus was an obscure artillery captain in French military headquarters when he was accused in 1894 of writing a memo to the German embassy, containing a sort of shopping list of French military secrets. Few facts pointed to his guilt but he was Jewish and had been born in Alsace, then part of Germany. The case was used, with great success, by nationalists, the clergy and the higher echelons of the military to whip up a xenophobic and anti-Semitic frenzy. Dreyfus was convicted, stripped publicly

of all his military insignia and placed in a kind of cage on Devil's Island, a tiny outcrop off the coast of Guyana. Evidence emerged that another officer – Ferdinand Esterhazy, a scoundrel married into the French aristocracy – had written the memo to the German ambassador. To no avail. New evidence was fabricated by the French military to confirm the guilt of Dreyfus.

It was the scandalous acquittal of Esterhazy by a court martial in 1898 which persuaded Zola that the case was not only a gross miscarriage of justice but a threat to the political and personal freedoms established by the French people since the Revolution.

His intervention began the first concerted campaign to prove the innocence of Dreyfus. A year later the captain was re-tried by court martial but again, found guilty on no evidence whatsoever. He was immediately pardoned by the President and released. It was not until 1906 – four years after Zola's death – that the supreme French civil appeal court declared Dreyfus to be innocent.

## Human rights convention embraces ban on cloning

The first binding international ban on human cloning was signed by 19 European countries yesterday as opinion round the world hardened against the idea of replicating human beings. Jeremy Laurence, Health Editor, reports

The text, which is an addition to the European Convention on Human Rights and Biomedicine, slaps a total ban on human cloning although it allows the cloning of cells for research purposes.

Britain did not sign the protocol because it is not yet a signatory to the convention

cloned from an adult cell, by scientists from the Roslin Institute, Edinburgh.

The cloning protocol, agreed to by European leaders at a summit last October, will also not include Germany, which claims the measure is weaker than a current German law that forbids all research on human embryos. That law is a legacy of the Nazis' attempts before and during the Second World War to conduct genetic engineering experiments on humans.

Shortly before the signing ceremony in Paris yesterday, the French President, Jacques Chirac, told a meeting of members of European national ethics committees that "it is on the international level that one must ban cloning and the genetic



The European ban is a response to the cloning of Dolly the sheep

of which it is a part, which was agreed last April during the UK election campaign. The Government is consulting on aspects of the convention before signing it, but a health department spokesman said yesterday that it welcomed the protocol and shared the view that the creation of genetically identical human beings should be banned.

"The principles are already reflected in UK law which prohibits human reproductive cloning," she said.

The 40-member Council of Europe called the protocol "Europe's response to the threat" of human cloning following the experiments that led to the creation of Dolly the sheep, the world's first mammal

manipulation susceptible to altering the character of the human species. We would resolve nothing in banning certain practices in one country if the doctors and researchers can develop them elsewhere."

In Britain, a consultation paper setting out the potential benefits of allowing research on human cloning is to be issued in the next few weeks. The Human Genetics Advisory Commission, which has drawn up the document with the Human Fertilisation and Embryology Authority, will seek the views of a wide range of scientific, religious and ethical organisations. The UK government has said it is "not opposed in principle" to allowing research aimed at tackling serious inherited diseases.

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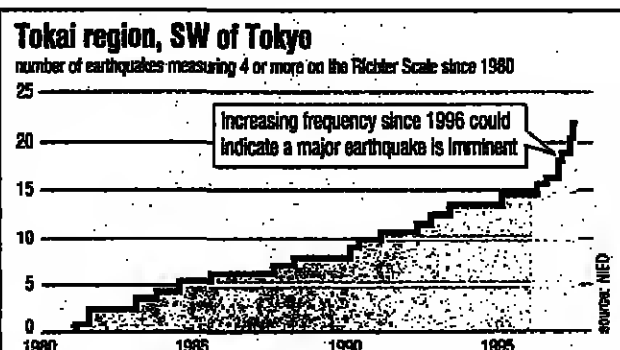
In 1995, the world was appalled by the scenes from Kobe. Last week it was the turn of Zhangjiakou in China. Yesterday, Japanese scientists predicted an even bigger disaster could be brewing close to the biggest city in the world. Richard Lloyd Parry reports from Tokyo on the latest earthquake predictions.

Exactly three years after the devastating Kobe earthquake, which killed 6,300 people, Tokyo appears to be heading towards an even greater disaster, according to a group of Japanese scientists who presented their findings yesterday.

smaller tremors, many of them detectable only to the most sensitive seismological instruments, which have been occurring with increasing frequency in the Tokai area, south-west of Tokyo. According to the government-backed National Research Institute for Earth Science and Disaster Prevention (NIED) these may be a precursor of a new Tokai earthquake, which last struck 143 years ago.

"It's pretty alarming," said Dr Yoshihimitsu Okada, director of NIED's Earthquake Research Centre. "There are several stages until the Tokai earthquake actually takes place – we think of it like climbing a staircase. Twenty years ago we decided that it was dangerous in the long term. Now we have the impression that we've climbed up a step from long-term alarm to medium-term alarm."

## Perched on the convergence



point of three tectonic plates on the so-called Ring of Fire, the Japanese islands have active volcanoes, hot springs and geysers, and thousands of earthquakes every year, most of them no more than transitory shudders. But every few decades comes a huge quake which destroys whole cities and kills large numbers of people.

In 1923, 140,000 people died in the Great Kanto Earthquake which had a magnitude of 7.9 on the Richter scale, with an

epicentre under the sea off Tokyo and Yokohama. The Kobe disaster, also a submarine quake, measured 7.2

The Tokai area is some 50 miles south-west of the capital, but the earthquakes which occur there have historically been even more powerful – the last Tokai earthquake occurred in December 1854, with a magnitude of 8.4. It is this fault which the scientists fear may become active again.

In the mid-19th century,

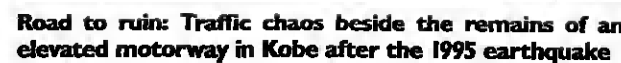
Tokyo was still a feudal city of low-rise wooden buildings; today it has absorbed satellite cities to form a megalopolis of 30 million people, with skyscrapers, overhead expressways and millions of tonnes of fuel oil and poisonous chemicals stored in tanks around Tokyo Bay.

Despite thousands of measuring devices all over Japan, it is impossible for seismologists to predict earthquakes as meteorologists predict the weather. "But we can say that the Tokai earthquake will be much bigger, and the space affected much larger, than in Kobe," says the director-general of NIED, Dr. Tsuneo Katayama.

Historical records show that previous Tokai quakes have been preceded by unusual seismic events. One of these is an increase in the frequency of moderate earthquakes, with a Richter magnitude of 4 or greater, which cause little dam-

age in themselves. As the graph shows, there were 14 of these in the Tokai area in the 16 years up to 1996. In the last 18 months, however, there have been no fewer than seven such quakes. Other recent observations indicate the rate at which the earth's crust is sinking has slowed during the 1990s, another precursory sign.

Modern buildings in Tokyo are required by law to be "earthquake proof," but the many older buildings have never been tested by a real disaster. Casualty numbers are impossible to predict precisely, but an American projection in 1996, based on a repeat of the 1923 Kanto tremor, painted a worst case picture of 60,000 dead and "staggering" economic losses. "It is impossible to say exactly what will happen," says Dr Okada, "but one thing is certain: sometime in the future the stairway we're climbing will come to an end."



Last July a panel of Japanese seismological experts admitted, for the first time, that they were unlikely to be able to predict when a catastrophic earthquake would happen, because predicting earthquakes was (to quote them) "difficult" coastline and a southward-moving land mass. Because the crust contains magnetised minerals, the strain that builds up before they move can show up with very sensitive instruments.

The latest evidence comes from a research vessel that

On its own, that is a statement of the blindingly obvious, but earthquakes have financial and social implications. China had earthquake detectors long before the Western world, because they could be critical in so large a country with limited grain stocks.

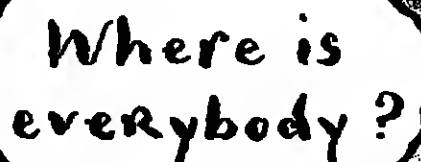
Predicting when an earth-

to have correctly predicted three events along previously dormant faults in Greece. According to *New Scientist* magazine, Panayiotis Varotsos, a physicist at the University of Athens, strung wires across the landscape to detect electrical signals and found brief currents before the earthquakes.

The currents were tiny—a few nanampères, or billions of times less than that in household items. And Mr Vaxatos is not sure how the finding could be used for larger-scale faults: “Seismic electric signals will only be detectable at selected sites,” he said, perhaps hundreds of miles away from the quake’s epicentre.

This is because most significant quakes are the result of "slips" between two colliding pieces of the Earth's crust. The San Andreas fault in California, for example, consists of a northward-moving piece

— Charles Arthur,  
Science Editor



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**Sexual harassment in a day's work**

**DR PHIL  
HAMMOND**

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**Never m**

The all-male dance troupe 'the Trocks' may be bigger and heavier than the girls, but that makes their feet even more vulnerable to injury, reports Louise...

[illegible]



## Sexual harassment? It's all in a day's doctoring



DR PHIL HAMMOND

"Doctor, I haven't had an orgasm for 10 years. What are you going to do about it?"

This is the closest I've got to sexual harassment from a patient. Of course, it could have been an entirely innocent question begging my professional expertise, but the fact that it came through an emergency phone call aroused my suspicions. Fortunately, I'd been taught exactly how to respond in such a situation: "That sounds nasty. I think you should go straight to casualty." As I decided against the inappropriate use of scarce hospital resources and invited her to make an appointment. Three days later, I was treated to 20 minutes of irritable bowel and nothing else. Very stressful, but hardly harassment.

As a student, I did once encounter a pair of crotchless pants, but as they were the one (and only) pair I've ever seen, I assumed the poor woman must have snagged them alighting from her bicycle. Or perhaps they'd been specially designed by a gynaecologist to keep you warm during the speculum examination. Either way, I didn't find them threatening, so I was intrigued to hear a GP describe (on Radio 1 last Thursday) how common and stressful it is for doctors to be faced with "inappropriate underwear".

The GP, alas, did not specify how a patient should judge appropriateness before panting up to see the doctor. Will only pristine white cotton ones do? What if your entire pant collection consists of black leather thongs? Are you expected to make a special trip to M&S before you see the doctor? And what about cross-dressing? Should I be alarmed by a woman in boxer shorts? Well, only if they're mine. On the whole I prefer a cleaner pant, although gut pathology doesn't always allow for this, but the only underwear I can think of that would be unequivocally inappropriate would have "F&ck me, you're a doctor" splashed across the front.

All this pant talk was on the back of a survey by *Doctor* magazine, which found that nearly a quarter of the 1,514 GPs who responded have been sexually harassed by patients. This makes great

copy, but it's worth remembering that each GP has around half a million consultations in a professional lifetime, so we're bound to encounter the extremes of human behaviour. Also, the survey was not a random sample - GPs who read *Doctor* were invited to fill in the questionnaire - which may bias it towards those who have had bad experiences. These consisted of (in order of frequency) "suggestive remarks, inappropriate requests for physical examination, inappropriate physical behaviour and unwelcome gifts".

At the extreme end, 7 per cent of respondents had been victims of stalking and three doctors were so distressed they had resigned from their practice. A few months ago, I met a female GP who'd given up medicine altogether after a male patient had masturbated in front of her in the "safety" of her own consulting room. She's now studying law. "At the time, I was just paralysed with fear and disgust. But I can remember thinking just how unsafe the consulting room was. The panic buttons were on order, and the only door was behind the patient, with me trapped behind the desk. I did have a window, but this was Liverpool, so it had bars on it. So I just sat there. I did think about complaining but in the end, I thought it would be less stressful to get out altogether. It wasn't just that one incident - it was also that I was a woman, I was known in the practice for being very empathic and a good listener - and everyone eventually just took advantage of it. I just felt abused all round."

For comparison, I spoke to a female doctor who works in genito-urinary medicine. Did she feel sexually threatened working in the male clinic? "The context of the work makes a big difference. People who come to this clinic know that they're going to have their genitals inspected so we all know what to expect. If someone suddenly gets his penis out, it isn't much of a surprise. Also, I always have a chaparrone available to take in with me, a luxury you don't often have in general practice." "Do patients ever get aroused?" "A few get erections, but usually it's out of anxiety - you know, doing something you know you shouldn't but you just can't control yourself." "Like farting in church?" "Exactly. But very few men sustain an erection when the swags go in." "And do you ever feel sexually harassed?" "I get chatted up a bit - but to me that's far less offensive than the thought of men sitting at home with untreated gonorrhoea and spreading it all over the city. So you just go with the flow."

## An epidemic - or just a big wheeze?

Are new reports of increasing, untreated asthma among children a real cause for concern, or the result of widespread hypochondria? Jack O'Sullivan reports.

In the Sixties and Seventies, when I was a child, asthma was an exotic complaint. There was just a handful of other children at school who wheezed during PE. From late autumn, we would be off school for weeks and return, after an attack, looking distinctly wobbly. A place in the football team or the swimming squad was a great achievement.

In a couple of decades, all that has changed. Today, the classroom cupboard filled with blue and brown inhalers is a common sight. About one in eight children in the UK has been diagnosed with asthma and last week, a study published in the *British Medical Journal* suggested that the problem might be even worse than we thought. A survey of 12- to 14-year-olds found that one in three respondents had wheezed during the previous 12 months, although only half of those had been given the dreaded diagnosis. The researchers concluded that six or seven pupils at each large secondary school suffer moderate to severe symptoms, but are undiagnosed and untreated.

These figures suggest not just an ordinary disease, but an epidemic. They inevitably raise suggestions of hypochondria. Are over-zealous doctors exaggerating the problem, filling a generation with drugs - and the coffers of the pharmaceutical empires at the same time? Should we worry that what once might have been disregarded as a harmless cough has become the starting point of long and unnecessary treatment?

Scepticism is fuelled by the failure of science to establish why we should suddenly face such an epidemic. For a while, everyone blamed pollution. But publication of last week's study, involving 27,000 British school children, suggested that neither pollution, climate nor diet is the chief culprit - incidence is broadly spread and slightly higher in the clear pure air of the rural areas than in the cities.

So what do we really know about an illness that can be terrifying when a child suddenly gasps for breath? (Asthma actually kills 1,500 people a year in Britain, although a tiny fraction of this number is young.)

Asthma is the chronic inflammation of the airways, which leaves them hyper-responsive. As a result, they narrow readily when exposed to a wide range of triggers, including house dust mites, animal dander, damp spores, chest infections, smoke, stress, pollen and specific foods. Asthma represents something going wrong with the immune system, which for some reason starts to react to substances which most people find benign.

Secondly, the epidemic is real. If you need proof, visit the casualty unit of any children's hospital on a winter's evening and watch the steady stream of listless toddlers, their tired faces covered with a mask as a fine spray of anti-asthma drugs is administered.

Medical opinion is virtually united in seeing the current incidence of childhood asthma as around 15 per cent in Britain, far higher than in the recent past and some other countries. And it is rising. "There are now numerous studies pointing to this sort of figure,"



Aggressive treatment in the early stages of asthma, such as the use of a hospital nebuliser, can be highly beneficial to a child. Andrew Bauman

says Martyn Partridge, consultant chest physician at Whipps Cross hospital, London, and chief medical advisor to the National Asthma Campaign.

A sound diagnosis of asthma with well-targeted treatments can be highly beneficial to a child. Far better than doctors prevaricating, endlessly calling the problem a chest infection and wrongly prescribing antibiotics.

Nevertheless, you should not assume that a child's wheeze is necessarily asthma. It could just be a cold or bronchitis. Croup, which involves wheeziness, barking cough and breathlessness can mimic asthma and, although it usually clears up after a week, can recur. Asthma is notoriously hard to diagnose in children under two. Half of those under five who have wheezing illness will not have asthma when over five. So they either did not have the disease in the first place or they grew out of it. Those who develop asthma after the age of five are much less likely to grow out of it, says Dr Partridge.

Symptoms, which should, however,

make you raise the question of asthma with your GP include: repeated bouts of wheezing, a persistent dry irritating cough, sleep disrupted by coughing or wheezing, shortness of breath after exercise.

We also know who is most in danger of developing disease. An immediate family history of allergic diseases, such as eczema, hay fever and asthma, is a very high risk factor, according to the recently published *Which? Guide to Managing Asthma* (Penguin £9.99). Other risk factors are sex (boys are more vulnerable than girls); birth weight under 2.5kg; early contact with allergens (a child born between October and January is more likely to be allergic to house dust mite); passive smoking; diet (babies breast-fed for six months have much reduced incidence of asthma); teenage pregnancy (possibly due to high levels of allergen antibodies in adolescents); being first born (children with older brothers and sisters are exposed to more viral infections early in life, which are believed

to offer protection against asthma).

Given this knowledge, is it possible to prevent the disease in children? Perhaps, we can stop some cases. Research is beginning to indicate that mothers exposed to high levels of some allergens, such as house dust mite, tobacco smoke, pollen, nuts, eggs and milk, may prime the babies' immune system. So some doctors advise women with a history of allergies to avoid large amounts of nuts and other allergens, particularly in the last three months of pregnancy. But this is no insurance against asthma.

What then can be done for children who already have asthma? Many people try clearing their homes and diets of potential allergens. But these irritants are so common in the environment and in diet that this is extremely difficult. And poor diet carries its own risks. So the current focus lies in managing the problem: controlling the inflammation of the airways. The main protection is an anti-inflammatory inhaler or "preventer" (based on a steroid, which sup-

presses the immune-response). "There is increasing evidence," says Dr Martyn Partridge, "that the damage to the lungs caused by asthma may occur early on in the disease. So the indications are that aggressive treatment in the early stages of the disease will pay off." Hence the rush to diagnose the young.

Sufferers also use a "bronchodilator" (the blue puffer) which opens up the airways temporarily without reducing the underlying inflammation. Doctors are cautious about the long-term use of these inhalers because they mask the underlying disease, which can worsen without other treatment. There are also claims among a minority of chest experts that indiscriminate, long-term use of bronchodilators can actually damage the lungs and may have contributed to the high level of adult fatalities.

The big question is whether we can stop the massive increase in asthma cases. A vaccine to stop the body reacting to some allergens is a possibility. But, in the short-term, progress in curing the illness is hampered because pharmaceutical companies spend mainly on developing lucrative new drugs to manage the disease. And, although we understand many of the triggers for asthma, we still don't know what actually causes it.

"This is a disease of civilisation," says Dr Partridge. "I think we will find eventually that there are several genetic predispositions in asthma and that the likelihood of these being activated are increased by several factors - Mum smoking, the fall-off in exposure to infectious diseases, plus changes in the indoor environment." But for now, there is little a breathless child can do but keep taking that puffer and hope to grow up and out of asthma.

### Asthma - the childhood signs:

- Repeated coughing attacks: three quarters of children with recurrent or chronic coughs are eventually diagnosed as having asthma. But it could be croup, a viral infection or pertussis infection (which causes whooping cough).
- Wheezing: about a third of children have at least one wheezing episode in their first two years of life, especially between two and six months. But they may not have asthma - almost a third of them never have another attack. Asthmatic children wheeze between colds, while healthy children recover after a few days.
- Sleep broken by coughing and wheezing: 50 per cent of children with asthma suffer disturbed sleep every night.
- Breathlessness after exercise or exertion

- Does my child need an inhaler? Yes, if the above symptoms persist. If asthma goes untreated, it can deteriorate. Children will tend to withdraw from sport and lead a sedentary lifestyle. Repeated attacks can damage childhood growth. Treatment will normally focus on an anti-inflammatory inhaler (usually steroid-based) reducing the number of attacks. Use of bronchodilator inhalers should be confined to acute episodes.
- Are inhaled steroids safe for children? They may slightly inhibit growth in some children, but uncontrolled asthma will do so far more. At normal dose levels, studies indicate that neither growth nor resistance to infection is damaged by inhaled steroids. They should be taken regularly even when the child is well.

Source: *The Which? Guide to Managing Asthma* (Penguin, £9.99)

## Never mind the pain, get up on your toes, boys

The all-male dance troupe 'the Trocks' may be bigger and heftier than the girls, but that makes their feet even more vulnerable to injury, reports Louise Levene.

Every dance company has doctors and physiotherapists at the ready, but Les Ballets Trockadero de Monte Carlo's orthopaedic consultant gets shared billing in the programme notes. Ballet is a beautiful but painful business. When a prima ballerina descends from her pointes to acknowledge her public's applause, her partner may envy her the spotlight but he's usually grateful to be spared the lifelong blisters and tendonitis that come with the shoes. Unless, of course, he decides to buy a pair of his own. The Trocks (as they are usefully known) are a hilarious New York dance troupe founded in 1974 whose 14 performers all dance in tutus on the tips of their toes - a source of concern (and revenue) for a certain Dr Weiss and his New York clinic specialising in dance and sports injuries.

Dr Weiss admits that there is a big difference between a female ballet dancer's feet - systematically strengthened from girlhood to take the punishment - and a young man who decides in his late teens that his talents lie in parodying the *grandes dames* of the ballet stage. The Trocks' Ida Nevasayneva and Helen Highwaters can zip through classic solos with more style and technique than many women - but at a price. "They have some of the same kinds of problems as women, the same kind of tendonitis, the same body alignment difficulties, but the big problem is that if they haven't done pointe work as youngsters they can be doing it for the first time at 18 or 19, and the older you are the harder it is for the body to respond."

Pointe shoes make your most uncomfortable pair of pumps feel like carpet slippers. The sheath of pretty pink satin traditionally conceals an unyielding interior of canvas, steel and glue. The Trocks favour an ultra-modern design whose plastic shell can be remoulded and tailored to the foot with the heat from a hairdryer, but no amount of made-to-measure technology can alter the fact that the human body wasn't



The pointe of it all: 'the Trocks' on stage. Photo: David Tan

really designed to support its weight on a few square centimetres of bone. Dr Weiss has seen the effect that toe-dancing has on human tissues: "If you

look at an X-ray of a pointe dancer's foot, their metatarsal bones are actually thicker. The Trocks are heavier than women and this can be compensated for

if they have a bigger and heavier foot than a woman but even if they're skinny - and they are skinny - they still have 10 or 20 per cent more body weight. You might imagine small, dainty feet to be an advantage. Think again. Ideally a dancer should have what used to be called a "peasant's foot", rather than the "Greek foot" (what Weiss calls the "too-good foot") with the long, slender shape and the longer second toe. "It may look pretty in a sandal but it isn't suitable for toe-dancing." Square feet spread the weight more evenly.

Overuse is always a danger and hard-working dancers risk tendonitis and stress fractures, but the very drudgery of the Trocks' 35-week tour schedule can protect them from more traumatic injury. Dr Weiss cites many examples of male dancers who wear pointe shoes once in a while and get hurt: "The advantage for the Trocks is that they are doing it all year round. It may put more wear and tear on the tissues, and they often end up with ugly-looking feet, but they're not usually maimed by it."

Foot brought to 31 Jan at the Prince's Theatre, London WC2 (booking 0171-314 8800)

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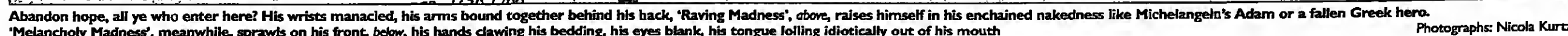
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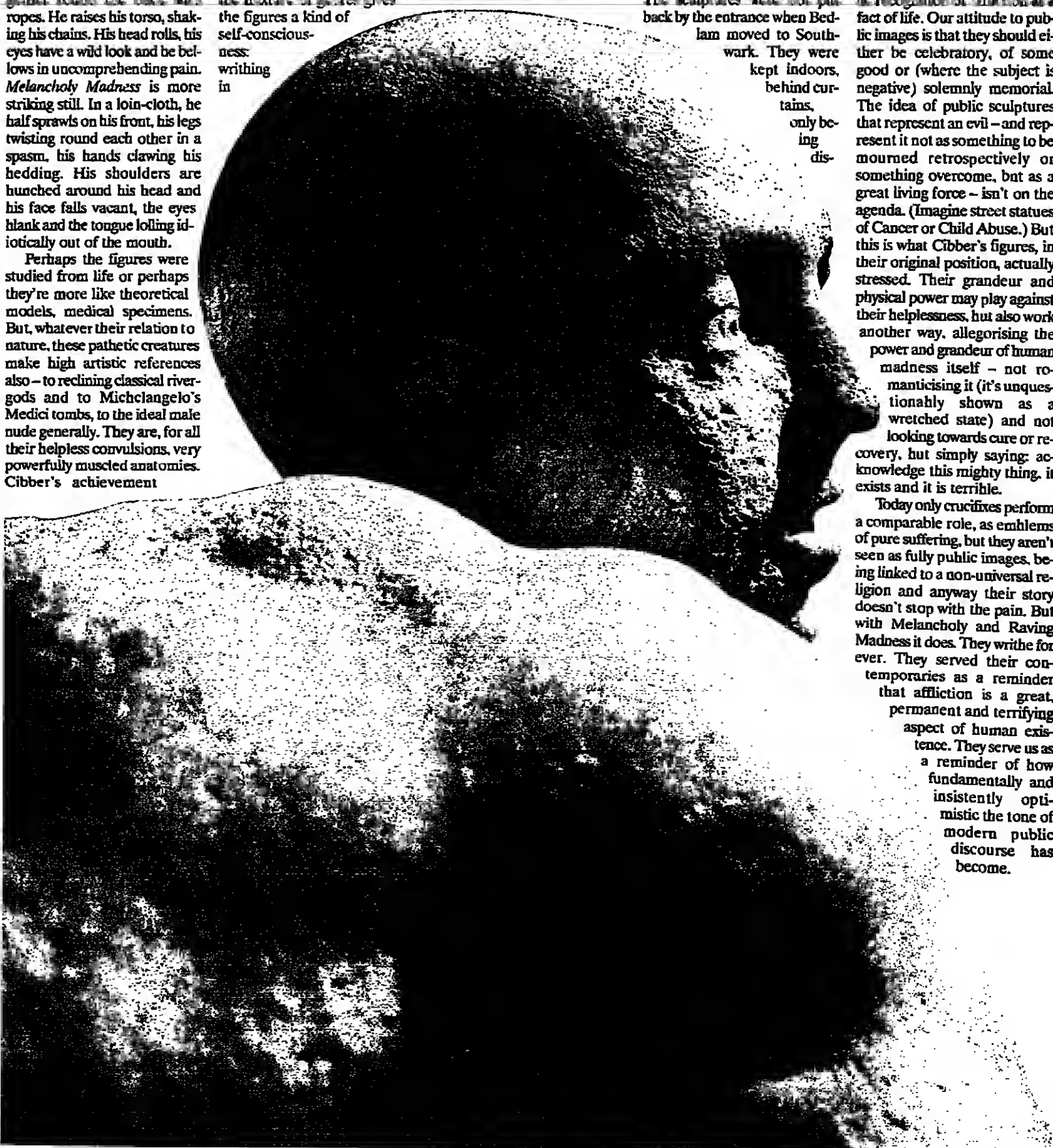
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## You don't have to be mad to work here... but it helps

# ART 198



Time: 1 May 1997  
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Man: Michael Dobbs,  
past and former deputy  
of the Conservative

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## Bye-bye Ba

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Crisis What crisis?  
asks John Newson.

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I never thought I would feel sorry for Madeline, but I am. Why? She didn't have to leave from Disney's Fabulous Fairy Tale if he didn't. The Millennium

صداقت الامل







## Not just a peace process any more, but a daring vision of a new Britain



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Ever since the Northern Irish peace process began, there has been a grim, dirge-like rumble in the background, a pessimistic chorus. "There's no solution... there's no solution..." The doom-mongers have, from the beginning, argued that since one community will not accept a United Ireland and the other will accept nothing less, the whole enterprise was bound to end in tears, blood and fire. Confounded would be the peace-makers. Cursed would be the compromisers. Eventually, come one dark day, the crabwise and arthritic progress of the politicians and diplomats would be seen to be a huge, vain waste of time.

We thought that even if this was so, and the pessimists were proved right, the process itself was worthwhile. As long as the talking went on, the killing didn't. Many decent people are whole and alive this January, because of that talking, who'd be dead, or badly disabled, without it.

But now comes an idea, at least, of what that "impossible" settlement might look like. People who are terminally cynical

about politics, or who have given up already on the Blair Government, should note that the idea is radical, daring and even visionary. It is a constitutionally audacious suggestion: David McKitterick's language on this morning's front page about the possibility of a new political geography for Britain and Ireland is just right. Of course, this is only a draft idea. We have just had first sight of it, and this is an instant reaction. We know that there are plenty of objections which will leap from the mouths of different parties. Mistrustful scrutiny of the three interlinking parts will surely follow.

Yet this fruit of overnight telephone conversations between the British and Irish prime ministers is an intellectual breakthrough: it is not ridiculous to hope that at some stage the real breakthrough could follow. Compared with the molehills of tit-for-tat that have disfigured the Westminster terrain in recent weeks, this short document is an exhilarating political Matterhorn.

Granted, two aspects of it - the pro-

posed Assembly for Northern Ireland and the North-South body - are gnarled and familiar lumps. Both are necessary, neither are especially attractive and their simultaneous existence raises all sorts of problems of precedence and authority. What is clever in the new proposal is the balancing introduction of a third element, giving reassurance against dominance to both sides. What is radical is that this third element, the intergovernmental council, or the Council of the Islands as it has been called, takes in Edinburgh and Cardiff, alongside London, Belfast and Dublin. We have, at moments, been grumpily suspicious about Tony Blair's commitment to reforming and opening up British democracy. This is the sort of thing that makes one think again.

The cleverness of the third element is that it can take potential conflicts and divert them into a wider arena. As every architect and engineer knows, triangles are strong structures. This one says to worried Unionists: you will not be left on your own to arm-wrestle with republicans and in-

different Whitehall types. The Islands Council gives you fellowship with the other people of Europe's fractured North-west archipelago: the Scots, Welsh and English, as well as the other Irish. To republicans it could say: the days of London domination are over. Britain itself is devolving and changing, sloughing off the old, centralised and blinkered political culture. A more liberal and relaxed state is developing, in which officially-sanctioned bias against your people comes to seem outlandish and impossible.

It is of course for the politicians to sell those thoughts to the communities and their leaders who are struggling to converse in Belfast. But doing so is not beyond the wit or eloquence of either government. We expect it of them. What we did not expect is the room for growth that this idea gives to devolution in Britain itself: giving Scotland and Wales a place at the table is, whatever way you look at it, a step up for their assemblies. Official nervousness about this radical thought is embedded in the

"heads of agreement" paper: meetings of the council are suggested at only two a year, at summit level. Yet should this body prove itself, one can easily imagine it being used more often. A problem arises? There's a row on the North-South body? The call will go out - summon the council. And whether it meets rarely and ceremonially, or more often and usefully, this council enlarges the competence and meaning of the proposed Scottish and Welsh assemblies; you wouldn't suggest that a local authority should be represented in a British-Irish agreement. It seems as if, to reassure Northern Irish citizens about London, other parts of Britain are being invited to the party. "You think I'm a bit dodgy by myself? OK, then, I've brought along my sisters."

In going into the Maze to speak to Loyalist killers, Mo Mowlam took a calculated but brave political risk. She pulled it off, and kept the peace process alive. Now comes a second bold stroke: whoever devised it deserves equal applause. It is a good deed in a naughty world.

Post letters to Letters to the Editor  
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## LETTERS

### Crowded world

Sir: Nicholas Schoon's article on population, "The world won't be overcrowded after all" (12 January) has an implied agenda that population growth is bad. Why?

Often those parts of the world with the highest population growth are sparsely populated compared with the UK. It is the rich in the West that consume 10-50 times the resources per capita of the poor in the South. If we believe there are not enough resources, we need to reduce our consumption and encourage an economic agenda not based on growth, before the developing world catches us up.

The real agenda for "population control" is that we have a surplus of people for our economic machine, and that the poor should be eliminated because it does not need them. What it is unacceptable to say about Jews and Gypsies, we can still promote for the poor.

The answer, if we want one, is economic. Increasing the standard of living reduces family size. Children of the poor are an extra pair of hands in the effort to survive and social security for old age. Education, literacy and family planning help, but as people become richer, children turn into an expensive liability. ANDREW PRING  
Bradford, West Yorkshire

Sir: A further 3.5 billion increase in population during the next 50 years has enormous implications for the economic and environmental stability of the world, as well as for those individuals unfortunate enough to live in countries where the population is expanding rapidly. Countries such as Egypt are horrendously over-populated already and can only get worse.

The world will be overcrowded by mid-century, and the fact that the population will fall towards the end of the century is scant consolation to those who will suffer in the meantime. MATT WALKER  
Abingdon, Oxfordshire

Sir: Too often, when the state enters the bedroom, chaos results. This is clearly evident in western Europe, where state-funded abortion and contraception have reduced fertility rates to below replacement rate. This is the direct cause of the age imbalance which means that, for thirtysomethings like myself, there will be little if any state

pension - because there will be fewer workers to pay for it.

China is not an overpopulated country - it simply suffers the legacy of a disastrous political experiment which leaves the state unable to provide the same healthcare and resources available to those in liberal capitalist economies. The Chinese solution is a programme of virtual infanticide and the fact that it is little commented on in the West should be a source of shame.

The right to found a family is a human right which belongs to parents, not governments. PAUL ATKIN  
Edinburgh

### Welfare reform

Sir: A new "affluence test", under which women at work might lose their maternity pay unless they could prove that they need it, would introduce an extraordinary and dangerous new principle into public policy ("Blair takes on mission to

explain welfare reform", 12 January).

Ministers have obviously been frightened by the determined opposition they faced on lone-parent benefits and rightly fear that if disemployment benefits were to be cut that opposition would be much stronger.

But to target better-paid working mothers would be absolutely contrary to the proud proclamation of adherence to family values and the need to persuade highly qualified women to go back to work.

Moreover, if this is done should not everybody have to pass a similar "affluence test" before they can call upon the police if they are burgled, or use the NHS, the schools system or any service provided by local authorities?

The only explanation for what is being proposed now is that the Treasury, recognising the urgent need for more resources, has come forward with this idea, instead of reducing

wasteful military expenditure or facing the inevitability of higher levels of income tax on those who can afford to pay it - options which have been so foolishly ruled out, but to which the Government will have to return. TONY BENN  
London W11

### Voting for women

Sir: Kamlesh Bahl, chair of the Equal Opportunities Commission, gives the impression that the current legislation does not permit mechanisms to ensure equal treatment of men and women in the selection of candidates by political parties (letter, 2 January).

In fact, as she later points out, the reality is that the law is unclear. Following the tribunal case on Labour's all-women shortlists the EOC took further legal advice. Once again they were advised that the selection of party candidates was not subject to the Sex Discrimination Act and was therefore

lawful. The most recent Marshall ruling in Europe supports the view that mechanisms to bring about gender balance are permissible under European equal treatment laws.

The Scottish Parliament and Welsh Assembly are both new bodies and the parties are able to choose mechanisms which ensure that women have an equal chance of being elected. Equal treatment mechanisms such as "zipping" (alternating men and women on a list) and twinned constituencies which select a man and a woman, do not give priority to women over men. However they would prevent the new bodies perpetuating the current male domination of politics.

At present the parties, and the EOC, seem to be worried about the possibility of a challenge to equal treatment selection procedures by a man. If the parties do not adopt these or other mechanisms to ensure women are treated equally there is now an even greater possibility that they will face a

case of sex discrimination brought by a woman. SHELAGH DIPLOCK  
Director, The Fawcett Society  
London EC2

### Muslim schools

Sir: Having lived for a while in Northern Ireland, I am firmly of the mind that separate schools for different religious groups aggravate tension and perceived differences.

It may sound reasonable for Muslims to want to maintain their culture and religious differences (report, 10 January), just as xenophobic whites do. In fact, xenophobic whites will probably welcome the decision to encourage separate Muslim schools and hope all Muslim children will go to them. It does not however help the integration of communities that is essential if we are to reduce future trouble.

We should have no state funded schools based on religion. M JONES  
Gloucester

### Out of surgery

Sir: The "surgery" may well have been a suitable description for the workplace of the surgeon-apothecary (forerunner of the modern general practitioner) who in days gone by carried out major and minor surgical procedures on the premises. Nowadays, when all significant surgery is performed in hospital, the appellation "GP's surgery" is gradually being replaced by the "health centre", "medical centre" or, as in the United States, the "doctor's office".

If the term "surgery" is outmoded in the medical context, how much more so is this the case when borrowed by Members of Parliament to describe the place where they interview their constituents. The time has come for this anachronistic and gory title to be dropped and replaced by a more suitable name such as "MP's advice centre" or "MP's consultation bureau". ALEX SAKULA MD FRCP  
Hove, East Sussex

### The ideal Dome

Sir: The Great Exhibition of 1851 started with clear objectives, which were largely realised, and an ideal of peace on earth which we still, alas, await. The building was an afterthought, thoroughly utilitarian, and, as it happened, a stroke of genius.

In the Millennium Dome we have been sold an architectural engineer's very costly dream, and if there have been objectives and ideals about its use, they have hitherto been successfully concealed from this reader. A hypermarket for supernatural beliefs? Including the Moonies and Scientology and spaceship suicide cults? The selection committee will have an uneasy job. Prince Albert and Henry Cole, the civil servant who was the driving force behind the Great Exhibition, would think their successors crazy.

Public alarm in 1850-51 was over revolting foreigners, ill-mannered mobs, intolerable pressure on supplies and services in London, industrial espionage, safety of the building, irreversible damage to Hyde Park, and Colonel Sibthorp's phobia of technology. None of these things worries us today. What is worrying is the huge expenditure on an astonishingly hazy project of resources which are urgently needed for well-defined national needs. JOHN N. CATCH  
Great Missenden,  
Buckinghamshire

Sir: If, by some fluke, London Underground manages to get the station that is scheduled to service the Millennium Dome open in time, would it not be better if we knew, for ever more, as "Millennium"? The current name for the station, "North Greenwich" is uninspiring, unmemorable and inaccurate.

There has been many events and some fantastic buildings commemorated by nearby stations - Barclay and Monument are good examples.

What better (or cheaper) way could there be to leave a permanent memorial? The Crystal Palace no longer stands, but we are reminded of it when we travel let alone the same for the Millennium Dome. ALEX FEAKES  
ROBIN RILEY  
London SE16

## Occluded front, occasional showers, outlook fine ... dead body at the front door



MILES KINGDON

A brand-new post-modernist tale for our times today!

Many people have died and left their bodies to science, but the only person who ever specified that he wanted his body left to the science of meteorology was Captain Humphrey Wantage.

"We've had a WHAT delivered to the front door!" said the head of the London Weather Centre.

"Body, sir," said the doorman. "Corpses of the late..." he consulted the invoice. "Captain Herbert Wendover."

The doorman of the London Weather Centre was not a very good reader. Yes, 40 years, man and boy, Jed Kirkup had been doorman of the London Weather Centre and had never

owned up to being illiterate. Everyone else knew he was, of course, which is why he had never been promoted.

What nobody knew except him was that when Jed Kirkup had joined the London Weather Centre originally, he thought he was joining the London Weather Centre, but had been unable to read the name over the door. He was mad about heathens, so much so that he had named his first child Erica. Shame it had been a boy. But I digress.

"Wait there," said the head of the London Weather Centre down the phone. "I'll come down and sort this out. There must be some sort of mistake."

The head of the London Weather Centre was Sir Basil

Bellwether, a man whose only talent was for being in charge of things. Dear reader, have you ever wondered how people who are natural born leaders ever get to the top? How is their talent ever spotted when they are callow, useless subordinates?

It makes you think there is something to be said for the hereditary principle after all, so that queens and kings are born into leadership situations instead of having to work their way up from the bottom. On the other hand, do you think that, if the position of Prince of Wales was filled competitively, Charles Windsor would have got the job? But I digress...

Sir Basil Bellwether had been in charge of the London Weather Centre for 20 years. There was now nothing about weather forecasting he couldn't handle.

Except dead bodies. "Some kind of protest is it, Kirkup?" said Sir Basil, approaching the doorman at the grand entrance to the London Weather Centre and staring gingerly down at the face of Captain Humphrey Wantage, sticking out of the top of a large bag.

"Some chap killed in a cold snap who's decided it's all our fault and has sent his cadaver here as a protest? Or someone knocked dead by a falling tree on a night when we said there wouldn't be any wind, and the wife has sent the corpse round

to try and shame us? Look, weather forecasting isn't an exact science, Kirkup..." "I know that, sir. But it's not a protest. I think the bloke has donated his body to science. He wants us to have his body."

"What?" "Sir Basil read the note attached to the body. By gum, Jed Kirkup was right. The late Capt Wantage had donated his body to the London Weather Centre. He had not specified for what purpose.

All the note said was: "I have received more pleasure from listening to your weather forecasts over the years than from any other part of the *Today* programme. Please use my organs for more research into weather forecasting, and tell John

Keitley I think he's got a smashing voice."

"How on earth did the blasted fool think we can use his body for weather forecasting?" said Sir Basil, half out loud. "Much to his surprise, Jed Kirkup answered the question. 'Auguries, sir?'"

"Auguries?" said Sir Basil. "The Romans used to forecast the future by looking at people's entrails and reading them, sir. Like tea leaves, but more drastic."

"I think that was just animals," said Sir Basil. "And I don't think they were used for weather forecasting, more for the future. Anyway, how did you know that, Kirkup? I thought you were..."

He paused. "There's more ways of learning things than out of a book, sir. And people who can't read sometimes have better ideas than those who can."

"Indeed?" said Sir Basil. "Then come up with a good idea for disposing of this body." "Certainly," said Kirkup. "Rub out 'I leave my body to meteorology' on the label, write in 'I leave my body to metallurgy' and send it all round to the London Metal Centre."

"By Jove," said Sir Basil. "I think you've got it!"

Well, I can't see exactly how this post-modernist tale is going to end yet, so we'd better have another episode tomorrow. Don't miss it!

A contest could never



DONALD MACINTYRE  
REWRITING  
HISTORY

We have r



DIANE COYLE  
ASIA'S FAILING  
ECONOMIES

Financial markets have been in a state of panic since the Asian crisis began in 1997. The crisis has spread to the Asian financial markets, and the sudden collapse of the Hong Kong stock market has



## A contest Gordon Brown could never have won



DONALD  
MACINTYRE  
RE-WRITING  
HISTORY

In politics, the past is seldom another country. Every relationship, every alliance, every enmity, is shaped by what went before. Politicians may – sometimes – forgive; but they never forget. Each new revelation about the murky facts of the succession to Harold Macmillan in 1963 still has the power to excite Conservatives, and that was a generation ago. How much more potent therefore are the recollections of the big epoch-changing events of the recent past. So the claims advanced on Gordon Brown's behalf in Paul Routledge's new biography of the Chancellor about Tony Blair's accession to the Labour leadership will resonate. MPs will dissect endlessly the contentions that Peter Mandelson and Alastair Campbell had shown they were ready to wage a dirty war against his candidacy, but that Brown's sacrifice in standing down was even greater than it seems because Brown could have beaten Blair had he chosen to run.

We should take no notice whatever of the ritual disclaimer by the Brown camp of the Routledge biography. There is no reason whatever to question the dust jacket claim that it was written with the Chancellor's "full co-operation". Routledge, author of several good biographies, including an outstanding one of Arthur Scargill, is too experienced and too skilled a reporter (being one of a select few political journalists to have among his other assets the old-fashioned one of an excellent shorthand note) for this to be other than an authentic and diligently researched account of the analysis proffered by Gordon Brown, or those who spoke for him, of what took place in the aftermath of John Smith's tragic death in May 1994. The question therefore is whether the analysis itself is correct and not whether Routledge's impeccably sourced version of it is accurate.

Most reporters who were in the Commons lobbies that deeply emotional morning of 12 May were struck by how frequently Tony Blair's name passed the lips of Labour MPs – including some on the left – as the potential leader. This newspaper, without the benefit of any of Mandelson's black arts and without in any way calling the outcome, reported the following morning that Blair had already edged out in front. (The following day Mandelson did brief – that Brown's candidacy should definitely not be written off). But this was of course an utterly unscientific judgement. What were more scientific were the opinion polls published that weekend which showed that Blair was significantly ahead among the public. As Routledge himself acknowledges, three national opinion polls published the Sunday after John Smith's death showed Blair between 11 and 15 points ahead of Gordon Brown and John Prescott. And this was not just among floating voters, important as that was. In at least

one of these, Blair, at 24 per cent, was nine points ahead among Labour supporters over his nearest rival John Prescott at 15 – with Brown just one point behind at 14. The electorate, of course, do not pick the Labour leader. But the 1990 Tory leadership contest had demonstrated the hugely influential impact of public opinion on MPs in their choice of leader. And this, don't forget, was a party aching to win after 15 years in opposition. Ten days later, moreover, a *Scotsman* poll of MPs in Scotland, where Brown could be expected to do best, showed that while 15 out of 42 MPs firmly supported him (compared with only six firm Blairites) another six styled themselves as Brown supporters who would prefer him to stand down in favour of Blair. Finally, an *Independent-BBC* poll of trade union levy payers also showed Blair well out in front.

Despite all this the Brown camp continue to insist that at the time Brown bowed out of his campaign, manager-designate Nick Brown had a list of 120 Brown MP supporters and that the Shadow Chancellor could have defeated Blair if he had chosen to. This wasn't the view taken by Chris Smith who is quoted in John Rentoul's biography of Blair as saying the overwhelming wish of the Parliamentary Labour Party was for Blair and not Brown to stand, or of David Blunkett who is quoted in Jon Sopel's rival biography as telling Blair that the leadership was his if he went decisively for it, or of Tories who expected – and feared – Blair as leader.

Anthony Seldon's biography of John Major, citing authoritative Downing Street and Conservative Central Office sources at the time, says the first reaction to John Smith's untimely death was sympathy; second – and gruesomely – that it had "stuffed Hezza" as a potential Tory leader, given Michael Heseltine's own previous heart attack; third, that it would "obviously" let Blair in and this would mean "far greater problems" for Major. The implication of the pro-Brown analysis is that Brown might have been picked up some left-wing support for an all-out attack on "the upper-class, public school-educated Tony Blair". But then it is highly probable that if Brown had run, his old rival Cook would have done too – with unpredictable consequences on the left.

Brown has been, and continues to be, a gigantic figure in the modernisation of the Labour Party and of Britain. He is astoundingly secure as an indispensable Chancellor who punches distinctively above his weight in the Cabinet and remains the powerful joint custodian of the Government's credibility in the markets. For several years, moreover, his intellectual fertility and deep Labour roots made him the senior partner in the relationship with Blair.

Had the modernisers put up a candidate after Neil Kinnock stood down in 1992 it is highly probable that it would have been Brown rather than Blair. But politics are endlessly fluid. For many reasons – some of them utterly beyond his control, such as the fact that as Shadow Chancellor he was forced to take unpopular decisions to extract Labour from its addiction to tax and spending, while Blair was able to shine as Shadow Home Secretary – the climate had changed by 1994. Charles Clarke, the MP who was once Neil Kinnock's adviser, may have been harsh when he said that perhaps it would have been better if Brown had run for the leadership and had been beaten. But to perpetuate the myth that he could have defeated Blair does Brown himself little service. It may even damage his hopes of eventually succeeding as Prime Minister. Blair was always easily the front-runner, and not even the supernatural qualities routinely ascribed to Peter Mandelson could ever have changed that.

## The package holiday: good for you, and great for the world



Bargain price for a place in the sun: Britons on holiday in Benidorm compare the costs of their two-week holidays



SIMON  
CALDER  
HOW BEST  
TO TRAVEL

"Travelling is bad, tourism is disastrous" – so asserted John Rentoul in this space yesterday. But going on holiday can do the world some good, as well as doing you a power of good, too. The real surprise is why so few of us take advantage of the world's best travel bargains: only 14.5 million of us – one in four of the UK population – will this year take a package holiday. For my money (and you don't need much of it) a place in the sun is a product that Britain makes better than any other country.

Consider: anyone earning the average UK wage can buy a seven-day Mediterranean holiday for a week's pay. £350 will buy you an excellent package in Benidorm. You will fly from a convenient airport on a state-of-the-art charter aircraft, enjoying food and entertainment of higher quality than you would find on most scheduled airlines (or, for that matter, John Rentoul's train to Bournemouth).

Upon arriving at the bright, stylish airport at Alicante, you could set out to explore the in-

land treasures of one of Spain's least-known provinces. Or you might simply climb aboard the holiday company's coach and head down the *autopista* to Benidorm, where you sprawl out on the beach for a week of well-deserved indulgence lubricated by tea like Mum makes it. Lager like San Miguel makes it or paella like Pedro makes it.

That was my summer holiday, anyway, which I shared with about half-a-million other Brits. Benidorm does tourism better than any other resort on earth, and has ploughed back the profits into self-improvement.

Paddling softly along the broad arcs of fine sand lapped by a brochure-blue sea, you may recall that the town was, allegedly, an unspoilt fishing village until the advent of mass tourism three decades ago. Were it ever such, you could expect to find the tangled streets of the old town filled with dispossessed fisherfolk bemoaning the way that mass tourism has massacred their heritage.

You will search in vain, partly because so many Spanish people have done so well from tourism (the industry that fuelled the magnificent post-Franco national resurgence) but mostly because the location appears singularly ill-suited as a base for fishing. (A serious harbour can be found just along the coast at Villajoyosa, and jolly unspoilt it is too.)

Natural resources in Benidorm, as in so many other resorts, are so scant that the only industry that could sustain itself there is tourism. The same goes for our other favourites: were it not for people like me, Tenerife would be just a barren volcanic outcrop. Instead, it is a barren volcanic

outcrop with tens of thousands of tourists aboard, having the times of their lives to the detriment of none. Pile the apartment blocks high, sell the holidays cheap, and Europe's weary workingfolk will beat a flightpath to your prom.

And who has the right to deprive us?

The environmental lobby, you could respond. "We pack into large metal boxes which burn unimaginable quantities of fossil fuels to transport us thousands of miles," writes John Rentoul. Yes, we do, because a combination of well-run tour operators (those mass-market companies that have survived have had to be good and cheap) and government subsidy makes it worth our while.

I welcome the efficient utilisation of aircraft that keeps fares so low. And from self-interest, I am delighted by the duty-free allowances that represent a hidden subsidy from government to traveller. But as a European citizen, I recognise the absurdity that means we pack into large metal boxes clutching plastic bags bursting with unimaginable quantities of booze and cigarettes. This, though, is the last summer when travellers who happen to travel from one EU country to another by air rather than by car or train will get a duty-free entitlement.

When, on 1 July 1999, the duty-free shops close their doors to intra-EU flyers, the price of a package holiday could climb by £5 or £10. Airport charges may rise to compensate for lost shopping revenue, and air fares could increase when airlines lose the right to sell duty-free goods at huge profit margins. It's been fun while it's lasted, but there

is no ethical way to justify shunting thousands of gallons of spirits and millions of cigarettes across Europe because of some arcane, pre-jet age taxation anomaly.

And don't stop there, urges John Rentoul: "One measure the Conservative government should have been congratulated on, rather than pilloried for, was imposing an airport tax. The only trouble was that it was not enough." We travellers are not unreasonable. It is hard to argue that air travel should be immune from taxation: what Ken Clarke was, rightly, pilloried for was creating a poll tax with wings. Air Passenger Duty hits you for the same £20 whether you are flying economy to Zurich (£89 return before the tax kicks in) or travelling on the world's most environmentally indefensible form of transport, the £7,000 round-trip to New York on Concorde. Lebanon is not usually noted for its enlightened fiscal policy, but the way first- and business-class passengers pay more tax at Beirut airport appeals to us packaged proles, prone on the beach at Benidorm.

Enclave tourism, as practised so effectively on the Costa Blanca, is one thing; independent travel is quite another. If you contend that the main purpose of travel is to meet people, then excellent ways to do it include boarding the bus from

Phnom Penh to Saigon or taking the train from Varanasi to Calcutta. But would I be making a contribution to international understanding, or just taking the seat of a more deserving but less well-off local? That depends upon whether I put time, energy and thought into the process of travelling: acting affirmatively by buying sustenance and accommodation from people who will benefit most, avoiding spending cash on imported goods, and above all listening to the hopes and fears of the people – not least, on the subject of tourism.

Your hosts will more readily forgive your clumsy tramping around their communities if you demonstrate generosity of both spirit and hard cash. Some travellers decry the system of dual-pricing, where it costs a tourist much more than a resident to, say, visit a museum or stay in a hotel, but in reality such market segmentation is as easy to defend as the fact that a holiday in Benidorm next week will cost about a quarter of the same product in August.

I use the word "product" advisedly. After 30 years of half-baked, half-built mistakes that you expect from any growing concern, mass travel is now maturing into an industry fit for the new millennium. Seize the day, grab your passport, and join me on the beach.

## We have nothing to fear but panic itself



DIANE  
COYLE  
ASIA'S FAILING  
ECONOMIES

Financiers are not immune to mass hysteria – in fact, they are unusually prone to it – and psychological channels are hugely important in the spread of financial panics. Bankers and investors are not so much speculative wolves acting on their finely-honed calculations as greedy sheep panicking about being left behind by the rest of the flock.

Still, there comes a point when a panic in the financial markets becomes too serious to dismiss as being all in the mind, and the sudden collapse in the Hong Kong stock market fol-

lowing the collapse of one of its banks suggests that upheaval in Asia has got to that point. There is no doubt that it is going to cause a lot of real pain in the former Tiger economies.

The question now is whether this will become a global crisis as well as an Asian crisis? And if so, what shape is it going to take? The answer is that the crisis probably is going global, but in unexpected ways.

There is no shortage of Chicken Lickens running around at the moment, in the City and the press, reaching for words such as "crash", "slump" and "meltdown". These are the people who prove that it doesn't take brains to jump up and down, just legs.

It is essential to remember that it is possible to tell Asians apart. Two countries – Japan and China, including Hong Kong – make up a fifth of the world economy and matter crucially to all the rest of us. Japan is in the throes of a truly awful banking crisis with many of its financial institutions bankrupt. This has been true all through the 1990s, and the Japanese government is only just biting the bullet of using taxpayers' money to weed out the duff banks and bad loans. Luckily, Japan can afford

this. It is a very rich country with a strong industrial base. Its corporations are profitable, its people wealthy and its crisis containable. It can probably ride out the collapse of confidence.

Hong Kong by itself is in a similar position. Its economy is fundamentally sound, although it is a far smaller place looking very exposed to the chill winds sweeping the region. China is another matter. Although information is scant, its banking system looks pretty shaky and it does not have the cushion of prosperity that might tide it through a crisis. A question mark hangs over its ability to stay insulated from the turmoil.

The other afflicted Asian countries, especially South Korea, are already in an utter mess. Much to everybody's surprise, after a decade's worth of hype about this dynamic region, it turns out that its companies have scarcely ever made a profit and its people's increased prosperity has been bought on tick. The bill is now overdue and there seems no end in sight to the downward spiral of confidence in their financial markets.

Luckily for us, although Korea is – or was – a big economy, it's nowhere near as big as Japan. Its GDP last year was

equivalent to about five times Shell's sales, for example. So any spillover is unlikely to come mainly through real economic channels.

We have had an exaggerated view about the importance of Asian economies to the rest of us. True, Japan has been a big investor in the UK, but last year it was only ninth in importance, behind several smaller countries, including Norway and Australia. British exports to Korea have grown rapidly, but in 1996 it still accounted for less than 1 per cent of the total. Particular companies will suffer because of the impending Asian recession. But more important will be the potential financial panic effects.

These too need to be kept in perspective. For more than a year many experts have thought that shares on Wall Street have soared beyond any reasonable value and could fall severely before they started having real repercussions. In the judgement of Stephen Lewis, one of the City's most experienced analysts: "The first 2,000 points of any decline in the Dow Jones index would be not much more than tooth."

However, he and other pessimists now reckon the current crisis has the potential to be-

come, for the advanced economies, worse than the Latin American debt crisis of the early 1980s and worse than the mid-1970s oil crisis, the two most serious in recent memory. The reason is globalisation, the greater interconnectedness of the world's financial system alongside the reduced influence of governments on financial markets.

In the 1980s the Latin American governments owed money to US banks. The American government was able to broker an orderly resolution to the crisis by leaning on a handful of big banks. In the 1990s, private sector Asian companies owe money to a host of banks and investors in many countries, including each other. One default on a loan can have bigger and bigger knock-on effects as it gets amplified through the world financial system.

The Americans are trying to take on the leadership role in resolving the present crisis, especially in Korea, given its strategic importance. But the US seems very unlikely to persuade large numbers of foreign investors to put any money into economies that have turned out to be built on the sands of corrupt politics and whose officials are showing

scant sign of humility in the face of the mess they have made.

Besides, the US makes an implausible rescuer for Asia. For America is the world's biggest debtor nation, kept afloat in recent years by Japanese investment in its government bonds and its industry. Beyond the immediate concern about how long this financial crisis is dragging on, its biggest impact on the rest of the world could well prove to be the withdrawal of Asian funds from countries such as the US that like to spend rather than save. If foreigners are going to stop investing in Asia because of a cataclysmic loss of confidence, Asian money will eventually return home to resolve the economic crisis.

That means the world's low savers, the ageing advanced economies, might be faced with a longer-term slowdown in growth because Asia's dynamism has fizzled out. Worth worrying about? Yes – but not worth panicking about; economies have a habit of adjusting to this kind of slow, tectonic trend.

Meanwhile, the biggest danger is that posed by investors' own (wine) psychology, feeding the stock market frenzy for no good reason at all.

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## Pressure mounts in US against IMF bail-outs in Asia

Political opposition is mounting in the United States to the multi-billion rescue packages for the troubled Asian economies being co-ordinated by the International Monetary Fund. Mory Dejevsky in Washington asks if the US-backed bail-outs could be derailed, as high-level delegations continue to tour the Far East, touting offers of financial support and recipes for financial stability.

Opposition to US support for the IMF rescues comes from both ends of the political spectrum. From the right comes the view that "you can't buck the market". Accordingly, the market should be allowed to determine what happens to the Asian economies, not the IMF or the US administration. From the left, too, comes long-standing distrust of international institutions, particularly ones that cost the United States money that seems out of proportion to the benefits.

From the left comes the view that the much-prophesied budget surplus - which the Central Budget Office forecasts for 1999 at the earliest - should not be squandered in advance on rescuing feeble foreigners. Why should the US bail-out the mainly private bankers and investors whose irresponsibility arguably precipitated the present crisis, and why should the US be pouring money into countries that are economic competitors? If money is available, it should be used for social programmes at home.

Support for anti-IMF views comes also from some economists, in the US and in Asia, who argue that the rigour and discipline urged by the IMF are not suitable medicine for Asia. Jeffrey Sachs, director of the Harvard Institute of International Development, is one of the most vocal critics, arguing that the IMF solutions have actually aggravated Asia's financial crisis. Other analysts ask where economic prescriptions end and politics begins.

"Should the IMF carry out structural reform?" asked Michael Zelenziger, a

Tokyo-based US analyst. "Should it be telling President Suharto to go? Should it be telling government cronies in Indonesia or South Korea to get out of the trough? I'm not sure that it should."

Yesterday, Michel Camdessus, the managing director of the Washington-based IMF, and a senior IMF delegation were in South Korea and are expected in Indonesia shortly. The US Treasury's chief trouble-shooter, Deputy Secretary Lawrence Summers, was in Singapore with a delegation of his own, headed also for Indonesia, Thailand and South Korea. And the US Defence Secretary, William Cohen, who had co-opted a Treasury adviser specialising in Asian economies and another from the State Department to travel with him, was in Malaysia, with a 12-day itinerary ahead of him that includes the same countries, plus Japan and China.

The aim of the IMF delegation is to examine what progress has been made in the economic reforms it has recommended. The purpose of the US delegations - distilled from advisers' statements - is to convince the Asian countries that the US "is a friend and support in good times and bad", to persuade them to implement "sound policies that can promote confidence and stability", but most of all to "shore up confidence" in the region and prevent any further dramatic slides. Mr Cohen has the additional brief to judge what can be salvaged from the millions of dollars' worth of defence orders that could be lost to US industry.

US concerns are twofold: the first - and the one that most concerns Mr Clinton both immediately and in the long term - is the possible effect on the US economy if the Asian economies, particularly those of Indonesia and South Korea, do not respond to the treatment prescribed by the IMF. The second, which is likely to make itself felt later this month, is the force of opinion - in the public at large and in Congress - which is uniting against US involvement in the Asian rescues. In comparison with the panic that gripped Indonesia last week, this potential domestic revolt in the US appears minor, but it threatens to grow.



Small investors monitoring the Hong Kong Stock Exchange morning trading yesterday. Hong Kong's blue-chip Hang Seng index was savaged at the opening, with a sell-off sliding more

than 10 per cent off share prices. Shares were driven down by a prime rate hike, collapse of the Peregrine Investments group and the widespread market crisis. Photograph: Reuters

## Peregrine collapses in East Asian turmoil

The collapse of the Peregrine Group, Hong Kong's largest home-grown financial conglomerate, was confirmed yesterday. Stephen Vines reports from the former British colony on the rise and fall of a high-flyer.

When the Peregrine Group was founded, just under 10 years ago, it was widely seen as being the brightest and best connected kid on the financial services block. In just a couple of years the group looked set to fulfil this early promise.

Picking up the pieces after the world-wide stock market collapse of 1987, Peregrine was a driving force in attracting international attention to the promise of Far East markets. It played a big role in the development of China's capital markets and helped generate the excitement which sent share prices surging in other Asian emerging markets.

Backed by some of Hong Kong's most prominent tycoons, notably Li Ka-shing and Larry Yung, the most powerful Chinese mainland businessman based in Hong Kong, Peregrine scooped up the cream of the initial public offering business and gathered a string of blue-chip clients. Before it collapsed yesterday, Peregrine had become the biggest

home-grown Asian financial conglomerate outside Japan.

It was founded by Philip Tose, the son of a former managing partner in the blue-chip stockbroker's Vickers de Costa, and Francis Leung, who is well connected with the mainland Chinese-associated companies which became the darlings of the Hong Kong stock market in the mid-1990s.

Typically Peregrine established itself in Asian countries by forming good relations with the leaders of these nations. Many of them liked the outspoken views of Mr Tose who declared himself to be an advocate of autocracy. He spoke the language of authoritarian governments liked to hear. None more so than the rulers of Indonesia where Peregrine ul-

timately met its fate by advancing a short term loan to a transportation company called Steady Safe, which has connections with Indonesia's ruling Suharto family. The \$260m unsecured loan to Steady Safe was equivalent to more than a quarter of Peregrine's shareholder's equity.

It is still not clear why Peregrine made such an extraordinary commitment. The loan was brokered in the fixed income department headed by Andre Lee, the Korean whizz kid, recruited from Lehman Brothers. Andre Lee was regarded as a star whose judgement was vindicated by the small fortune he made for Peregrine. As a god of the bond market he was left to his own devices. Outlook, page 19

## UK fund managers steer clear

More evidence emerged yesterday that the continuing Far Eastern turmoil has started to filter through to the UK economy. UK fund managers are shying away from the troubled region, according to the latest Merrill Lynch Gallup survey, and the crisis has also begun to impact upon the London housing market.

UK fund managers have become hearish on Hong Kong and Singapore for the first time since the crisis began, according to Gallup and Merrill Lynch.

Bijal Shah, global strategist at Merrill Lynch, attributed the "sell" stance in countries in both Singapore and Hong Kong to two factors.

First, companies in both Singapore and Hong Kong are exposed to smaller countries, such as South Korea, with serious economic problems. Second, both Singapore and Hong Kong have taken an aggressive interest rate stance in an attempt to defend their currencies.

"It seems as if the contagion is spreading outwards", commented Mr Shah.

According to the survey, hearish UK fund managers outnumbered bullish ones by 11 per cent in Hong Kong and 18 per cent in Singapore.

There was also evidence that financial turmoil in the Far East had tempered the London housing market boom, according to Savills, the upmarket estate agent.

The value of Central London properties rose by more than a fifth last year, as buyers rushed to snap up new homes, bringing back memories of the 1980s housing boom. But Savills believes Central London prices will rise by just 4 per cent this year.

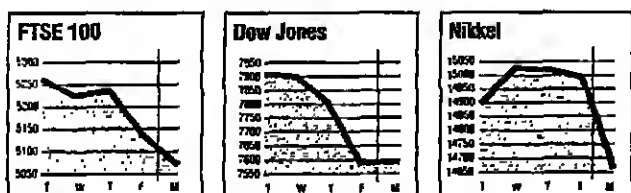
But, in the longer term, Savills predicts the commercial property market will shrug off the conspicuous lack of Far Eastern buyers and should continue to grow strongly in 1998.

Audrey Adams, managing director of Savills, said yesterday: "London surged ahead much faster than expected this year and the Far East will slow growth but the market should still continue to grow. For commercial property the Far East is not a factor with the bulk of activity coming from UK funds. There should be strong growth in the commercial sector for the next eighteen months at least."

Savills profits rose by more than a third to £4.1m for the six months to October however its shares slipped 4p to 124p.

Lea Paterson and Andrew Yates

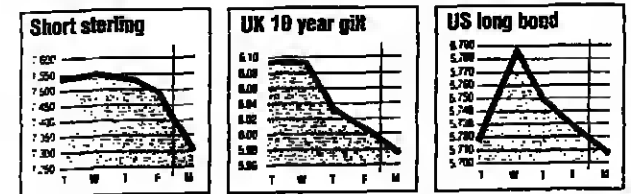
### STOCK MARKETS



Indices

Index	Close	Change	Change (%)	52 wk high	52 wk low	Yield (%)
FTSE 100	5068.80	-99.50	-1.95	5367.30	4056.80	3.34
FTSE 250	4799.60	-66.00	-1.34	4963.80	4384.20	3.25
FTSE 350	2444.70	-33.50	-1.35	2570.50	2021.30	3.32
FTSE All Share	2389.32	-31.83	-1.32	2507.68	2018.14	3.30
FTSE SmallCap	2329.20	-19.00	-0.81	2407.40	2182.10	3.05
FTSE Realind	1268.30	-7.80	-0.60	1346.50	1225.20	3.50
FTSE AIM	891.00	-7.80	-0.79	1138.00	985.90	1.09
Dow Jones	7588.39	-6.48	-0.09	8259.03	6356.78	1.81
Nikkei	14684.44	-330.66	-2.21	20910.79	14488.21	1.04
Hang Seng	8121.06	-773.58	-9.70	16820.31	8721.09	5.22
Dax	4067.28	-149.58	-3.53	4459.89	2947.31	1.77

### INTEREST RATES



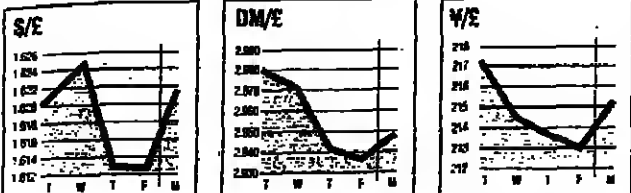
Money Market Rates

Index	3 month	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr
UK	7.50	1.03	7.48	0.50	5.97	-1.66	5.94
US	5.58	0.02	5.59	-0.38	5.36	-1.25	5.70
Japan	0.73	0.24	0.70	0.14	1.85	-0.77	2.47
Germany	3.57	0.43	3.82	0.59	5.05	-0.86	5.63

### MAIN PRICE CHANGES

Rises	Price (p)	Chg (p)	% Chg	Falls	Price (p)	Chg (p)	% Chg
Tate and Lyle	535.00	18.50	3.58	Nati Grid	271.00	-44.00	-16.97
Hycomet Amer	2025.00	65.00	3.32	Inchenco	137.50	-15.50	-10.13
Skypharma	57.00	1.50	2.70	Gowat Oriental	81.5	-5	-6.17
WH Smith	432.50	9.50	2.25	Daniel Bus Syst	245	-14	-5.41

### CURRENCIES



Pound

at time	Change	Yr Ago	at time	Change	Yr Ago
Dollar	1.6216	+0.48c	1.6751	0.6187	-0.18p
D-Mark	2.9484	+0.79p	2.6611	1.8182	-0.13p
Yen	215.34	+12.66	195.10	132.80	+11.25
E index	103.80	+0.30	95.70	110.50	+0.70

### OTHER INDICATORS

at time	Change	Yr Ago	at time	Change	Yr Ago
Brent Oil (\$)	15.04	0.19	24.44	113.50	3.70
Gold (\$)	278.85	-0.01	359.55	158.60	3.70
Silver (\$)	5.53	0.21	4.75	Base Rates	7.25

www.bloomberg.com

source: Bloomberg

## Contagion spreads to take further toll in Hong Kong

The turmoil in the Asian financial markets spread to Hong Kong yesterday as nervous investors drove share prices down to their lowest point in almost three years in the wake of official confirmation of the collapse of Peregrine Group, Hong Kong's largest home-grown financial conglomerate. Stephen Vines, in Hong Kong, and Diane Coyle, in London, report.

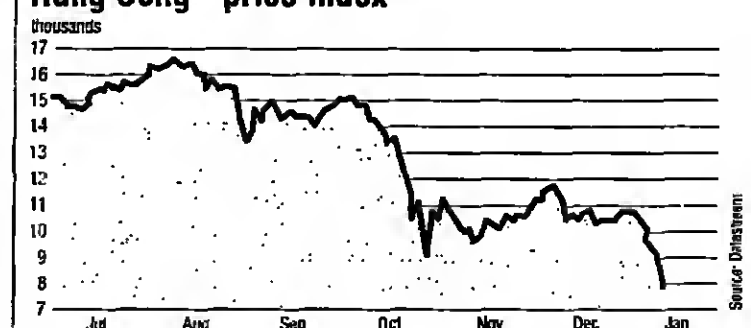
were pondering how much damage would be inflicted on the property market as interest rates moved relentlessly upwards.

After last Friday's interest rate rise, the mortgage rate hit a six year high. "What the market is now coming to grips with is the question of affordability", said James Osborn, the director of sales at ING Barings Securities in Hong Kong. He believes that with interest rates at current levels existing borrowers will have difficulty maintaining repayments while potential home purchasers will shy away.

Hong Kong's interest rates are high because the government protects the local currency through a currency board which defends the Hong Kong dollar's fixed link to the US dollar by squeezing liquidity out of the market at times when the local currency comes under pressure. The main weapon in its armoury is interest rates. Pushing rates up as high as 300 per cent, at one point during the crisis, both makes the Hong Kong dollar attractive as an investment and makes it hard for speculators to acquire because the cost of short-term borrowing is prohibitive.

However, as Sir Donald Tsang, Hong Kong's financial secretary, freely admitted over the weekend, preserving the US dollar link causes a great deal of pain, in the form of high interest rates. "We all reckon it's the price we have to pay for the stability we need", he said.

### Hang Seng - price index



Yesterday Tung Chee-hwa, the Chief Executive, stressed that the link "definitely" would not be changed, "we have the determination and the ability to continue the link". He said: "Without this link Hong Kong's stock market and financial market would be in a state of chaos".

Since October the currency board which backs the link has survived stiff tests with the result that the Hong Kong dollar has emerged from the crisis as the only freely tradable currency in Asia to have avoided even the smallest amount of deflation.

Hong Kong foreign currency reserves have actually increased since the crisis began and the high rates of interest in the local currency have helped keep Hong Kong dollar deposits high. It therefore seems unlikely that any-

thing will shake the fixed link, at least for the time being.

Confirmation of Peregrine's pending liquidation came after the stock market closed yesterday. It followed the collapse of last ditch talks with an unnamed white knight. At the end of last week the Swiss based Zurich Group walked away from a deal to take a 24 per cent stake in Peregrine which is believed to have incurred losses of as much as \$600 million, equivalent to almost two thirds of its shareholder's funds.

Tom Grimmer, Peregrine's spokesman, said that "various parties are interested in a number of divisions" of the failed company. Investors in Peregrine funds managed to get their money back yesterday.

The biggest stock market impact of

the Peregrine collapse was felt by China associated companies. Francis Leung, one of Peregrine's founders, had been known as the Godfather of so called Red Chip listings, having handled one of the bigger issues. Red Chip investors took fright, sending the index which tracks these listings, down by over 21 per cent.

All support levels for the Hong Kong stock market have crumbled. "I think we're in no man's land," Mr Osborn said.

In London and other European stock markets share prices dived in reaction to the overnight Asian movements and in anticipation of another sharp decline on Wall Street. The nervous tone was set as much by Friday's share price fall in the US, when the Dow Jones index lost 222 points, as by the overnight slump in Hong Kong and Singapore.

In early trade the US market, too, fell sharply. But it recovered in time to repair some of the earlier damage in London.

The FTSE-100 index ended nearly 70 points lower at 5,068.8, having recovered from a drop of 150 points to well below the 5,000 level at one point. The index closed yesterday just 40 points lower than a month ago.

The Dow fell fast on opening and was as much as 133 points lower at one stage. By late morning it had climbed back to 7,583.66, a gain of 3 points.

## Deutsche overhaul could mark the end of Morgan Grenfell name

Morgan Grenfell, one of the oldest names in the City, could disappear as part of a radical overhaul of Deutsche Morgan Grenfell (DMG). The proposals are an attempt to foster closer integration between Deutsche Bank's disparate activities.

Lea Paterson reports.

DMG, its London-based investment banking arm.

The German bank, which is evaluating proposals to merge DMG with its commercial banking division, is expected to announce the results of its review "within weeks".

Under plans being evaluated by the Deutsche board, the name Morgan Grenfell, one of the oldest names in the City, could disappear.

A management reshuffle is another likely consequence of the proposed restructuring. Michael Dobson, DMG's chief executive, is one of the Deutsche board members

tipped as likely to change roles.

Mr Dobson could head up Deutsche's asset management division after the restructuring. His post is likely to be filled by one of Deutsche's existing board members.

Morgan Grenfell, the UK bank bought by Deutsche in 1991, was initially run as a stand-alone operation. Three years ago, Deutsche merged its investment banking activities with those of Morgan Grenfell to create DMG.

"This [the proposal under consideration at Deutsche] is all the next step in the evolutionary process at Deutsche Morgan

Grenfell," one industry commentator said.

DMG has expanded rapidly in recent years. Most of the growth has been organic - DMG has become notorious in the City for tempting employees away from rival banks with high salaries. But DMG has also made acquisitions, including the purchase last year of the equity derivatives unit of NatWest, the UK bank.

The key benefit of the restructuring would be the potential for exploiting synergies between Deutsche's investment and commercial banking activities.

"It's all an issue of cross-selling products," commented Piers



Work at DMG's HQ in Finsbury Circus London may be merged with Deutsche's commercial banking division

Brown, European banking analyst at UBS, who predicts Deutsche will attempt to sell investment banking services to its extensive commercial banking client base.

But Deutsche's proposals are far from risk free, according to industry experts. On the cultural side, the City predicts difficulties in integrating the more bureaucratic, traditionally less well-paid,

commercial bankers, with their more colourful, highly paid investment banking counterparts.

Deutsche's commercial division has also spent many years building up its client base, at a substantial cost. If poorly structured, DMG could earn substantial profits from commercial bank customers at little incremental cost, which could fuel resentment within the bank.



## THE INVESTMENT COLUMN

EDITED BY ANDREW YATES

### The virtues in a conglomerate

Fund managers may hate conglomerates, but Tomkins yesterday put up a pretty good argument in favour of diversification. Forget chairman Greg Hutchings' argument that because all the businesses are manufacturers they can all be run the same way. No, the real reason for being a conglomerate is that when some of your businesses have a bad year others do well.

Which is precisely what happened to Tomkins. Performance from fluid controls and building products, as well as its professional division - which includes struggling bicycle manufacturer Murray and Smith & Wesson, the handgun maker - was pedestrian. But by virtue of storming results from the food and newly created automotive polymers divisions, Tomkins was able to maintain its famously unbroken record of profit growth. Adjusting for the fact that the previous half year lasted a week longer than this time, earnings per share rose by a fifth.

On other financial criteria, too, the group can hardly be faulted. It is particularly good at turning profits into cash, churning out 17.7p of free cash per share in the six month period. This still easily covers the interim dividend, which was humped up by a healthy 14.4 per cent to 3.50p.

Can Tomkins keep this up? The City clearly thinks not. A similar record for a company in, say, the media sector would produce a sky-high share price rating. But now that Tomkins has been forced to give up its search for large, underperforming companies in unrelated areas the belief is that the growth will dry up.

Tomkins maintains that it can continue to expand by bolting businesses on to its existing operations. It says it has identified several opportunities which, when combined with the remaining £40m worth of shares it still has to buy back, would take its balance sheet from a net cash position of £188m to the 15 per cent gearing target it has set for itself. If the deals don't come off, Tomkins will simply buy back more shares.

Given the City's growing attraction to debt, that position is still far too conservative. Tomkins, however, won't be shifted. And as long as it continues to

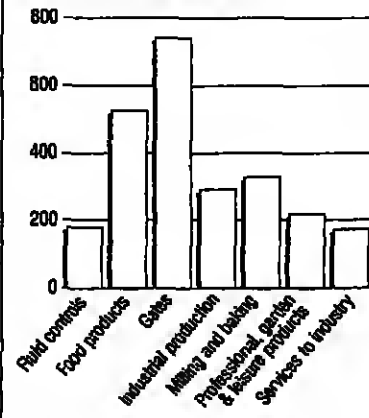
### Tomkins: At a glance

Market value: £3.53bn, share price 300p (-10)

Five-year record	1995	1996	1997	1996	1997
		Year to end April		Half year to 1 Nov.	
Turnover (£bn)	3.73	3.80	4.98	2.16	2.46
Pre-tax profits (£m)	303	323	432	189	215
Earnings per share (p)	17.9	18.9	21.5	8.6	10.4
Dividends per share (p)	8.66	9.95	11.45	3.06	3.50

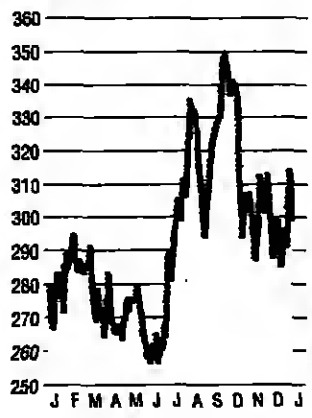
### Divisional breakdown

by activity, first half 1997/98, £m



### Share price

pence



deliver growth, investors cannot afford to be too critical. Analysts are looking for full-year profits of about £495m putting the shares, down 10p yesterday to 300p, on a pitifully low forward p/e ratio of just 11. Fashion can be taken too far: Tomkins deserves better.

### Patent problems at Pace

Two profit warnings, the departure of a chief executive, and shares worth just a third of their flotation price: you would have thought things couldn't get any worse for Pace Micro Technology. But they just did. Already the most disastrous new issue of recent years, the satellite-TV decoder maker yesterday reported worse-than-expected losses and set aside £10m in provisions. The shares slipped 8p to a new low of 37.5p.

Malcolm Miller, the newly installed chief executive, must have expected more. But rather than proclaim the

grave new dawn of digital television he first had to clear up the mess his predecessors had left. It seems the previous management decided not to set aside any cash for royalty payments on intellectual property used in digital satellite decoders. Now the owners of said patents are asking for their money, and the company has had to put away £5m to cover the liability. Even though the final settlement should be a lower figure, this does not bode well.

Other nasties included a £4m write-off after CanalPlus, the French media group, took over one of Pace's customers in continental Europe and rendered Pace's stock worthless. There will be more to come in the second half once the group decides how many jobs and offices it has to cut to reduce costs.

A final worry is Pace's balance sheet. The group claims to have over £10m in the bank, but this was largely achieved by calling in debtors and not paying creditors - the £581,000 interest charge for the half suggests the group is still carrying some borrowings. With all the bad news now hopefully

out of the way, Pace may eventually stage a recovery when it gets the benefit of the BSkyB set-top box order next year. Long term, however, it's still possible that larger competitors will obliterate Pace altogether. Still one to avoid.

### Mulberry sinks into the red

Mulberry may specialise in designer luggage and fancy soft furnishings but its share-price performance has been very much a cheap and nasty affair. Floated at 153p in autumn 1996, they reached an elegant 214.5p within the first six months but have been sinking like a stone ever since. The bombshell came last month with a profits warning caused by poor Christmas trading and the effects of the strong pound, which has affected tourist spending in London.

The grim tidings were confirmed yesterday with half-year figures showing Mulberry sank further into the red with a £720,000 deficit compared with the previous year's £480,000 loss. The shares gave up a further 5.5p to 64.5p.

The strength of sterling alone has cost the company £2.4m while sales in its accessories division have fallen by 5 per cent. In Japan, the company may have to seek another distributor as its current one has announced financial problems.

Mulberry has cut payroll costs by 10 per cent. A pay freeze for staff and a 12 per cent pay cut for directors will also save further funds. But the outlook does not look too encouraging. Though trading picked up in the last two weeks before Christmas, it was not enough to rescue the figures, which are still running well below budget.

The company has warned that the strong pound will continue to hit profits while the weakness of key European economies is another problem. Mulberry made much of its aim of £50m sales at its flotation but that looks some way off. Without that critical mass, the group's cost structure will make it difficult to get the double-digit margins enjoyed by rivals.

On revised forecasts of £900,000 for this year, the shares trade on a forward rating of 22 falling to 14. Given its poor track record Mulberry still looks too expensive.

## Watchdog to crack down on late pension contributions

Thousands of employers are committing criminal offences by failing to pay contributions to pension schemes on time. As Andrew Verity reports, the crime is especially prevalent in exactly the type of scheme that the Government wants to offer to low earners.

Opra, the occupational pensions regulator, said pension scheme actuaries had blown the whistle on more than 2,000 employers that were breaking the law by putting off payments to pension schemes and failing to treat them properly as employee pay.

John Hayes, Opra's chairman, said the regulator would begin fining trustees of schemes where employers persisted in delaying contributions. "They are under the cultural illusion that somehow the employer's contributions are just another creditor to be paid when you are flush with cash. They will be disabused of the notion that it is their money. Once the money has been deducted it is the employees' money. It is not theirs to muck about with," he said.

Mr Hayes said he had told the Government that the crime, outlawed under section 49 of the Pensions Act 1995, presented a serious problem for stakeholder pensions, the Government's planned scheme to give private pensions to low earners. Proposals on stakeholder pensions are due later this year.

Most failures to pay occur in money purchase - also known as defined contribution - schemes that cover more than one employer. Money purchase schemes, which are the model the Department of Social Security (DSS) wants to introduce, depend on a defined contribution and the fortunes of the stock markets as opposed to guaranteeing a pension that relates to the final salary.

According to Opra, in many cases the central administrator did not know what its member firms were doing. Far from being a technical breach, failure to pay could cause a drop in members' savings, especially when markets were volatile.

Further, thousands more defined contribution schemes now have no trustees, without whom no benefits can be paid. While Opra is campaigning to appoint professional trustees, there are over 2,000 "orphan" schemes, of which only 100 have been fixed.

Companies such as Grand Metropolitan, before last year's merger with Guinness, have scrapped money purchase pensions because the rebates paid by the DSS to the schemes are so small they cannot cover administration costs.

Norwich Union, Sun Life and Scottish Amicable, three of the leading providers of defined contribution schemes, have all stopped offering them, saying rebates are too tight to make the schemes viable. They are encouraging members to join personal pensions instead.

Pension experts insist that private pensions are unlikely to give low earners better benefits than Serps, the second state pension created in 1978. They fear even large-scale schemes will not be viable unless sales costs are cut by compelling every worker into a private scheme.

Colin Steward, secretary of the Joint Working Group on Occupational Pensions, the industry body which negotiates with the Government, said: "There is a considerable amount of scepticism as to who is going to come forward and actually provide stakeholder pensions. People on low incomes can't afford to put any money aside anyway - whether it is going to be cost effective or not."

### Servisair shares dive on profits warning

Shares in Servisair, the airport ground handler, plunged by a quarter yesterday after the company warned that accounting changes, the mild weather and the loss of an important customer would hit profits. The warning sent the shares down 65p to close at 200p, wiping £26m off Servisair's value.

The company, Europe's largest independent ground handler, said 1997 profits would include a charge of £475,000 because of changes in the accounting treatment of Heathrow Cargo Handling, its joint venture with Air France.

A goodwill write-off of £2.5m in the 1996 accounts will also be taken against reserves. Last year's results will be further affected by a £300,000 reduction in income from its de-icing business due to the mild weather in November and December.

Profits this year will be hit by the loss of business from Air UK, Servisair's second biggest customer, which is withdrawing from a number of routes and reducing services on others.

The loss of income is expected to be in the region of £1m - less than 10 per cent of

the £14m worth of business Servisair does with Air UK.

Results this year will also be reduced by around £1.2m because of changes in the law relating to profit-related pay and an increase in pension charges.

Servisair made pre-tax profits of £7.1m in 1996 on sales of £154m and analysts had been pencilling in profits of £8m for 1997 and £10.1m for the current year. Despite the loss of work from Air UK, the company said it anticipated satisfactory growth in underlying trading this year.

— Michael Harrison

## Further flops hit AIM's reputation

Yesterday was a bad day for the Alternative Investment Market after one of its members went bust and another announced it had been forced to put its UK business into receivership.

Andrew Yates reports on the growing number of business flops which have tarnished the junior market's reputation.

First Information, the distressed CD-Rom manufacturer, has been forced to apply to the courts for an administration order as it is unable to satisfy its creditors and cannot secure new funds.

The group's collapse, comes less than two years after it joined the AIM market.

First Information was floated at 165p in March 1996 by KPMG, one of the country's largest accountancy firms. Charterhouse Tilney, the brokers, also advised on the group's entry to AIM. The management team, led by shareholder James Edmunds and including Michael Rodd, a former presenter of BBC's *Tomorrow's World*, predicted fast-growing sales of its FlagTower CD-Roms.

However, just months later

the group was forced to admit that sales had fallen well short of flotation forecasts. Since then the group being battered by the slump in the demand for CD-Roms due to poor demand and intense competition.

"This flop is another embarrassment for AIM. KPMG and Charterhouse Tilney must share a lot of the responsibility for this and should hold their heads in shame," one City fund manager said. First Information's shares were suspended at 2.25p yesterday.

Rising losses has also forced Crown Products, the giftware group, to call in the receivers at Hunkydory, its UK subsidiary, putting 85 jobs under threat. Floated at 50p by Brook Corporate Finance of Birmingham in 1995, its shares have been suspended last Friday at just 1.75p.

Hunkydory had a contract with Disney to make anything from Winnie the Pooh mugs to pencil cases adorned with Beatrix Potter characters. However, under chairman Michael Hughes, Crown Products over-reached itself after embarking on an acquisition spree.

The casualties are the latest in a long line of business flops which have tarnished the reputation of the junior market. Recent flotations such as Omnimedia, another CD-Rom group and Reflex, which makes reflective inks, have also been a disaster.

### Former managing director serves writ on Save Group

Dean Overton, the former managing director of Save Group, the petrol retailer, has served a writ on the company claiming "substantial damages" for breach of contract. Mr Overton was dismissed by the company on 8 November for "gross misconduct". He claimed yesterday that the company's objective was "to avoid paying compensation at all costs". He said he had not been paid his contractual notice pay and other benefits. Save Group was unavailable for comment last night but last week chairman James Frost wrote to shareholders explaining the reasons for Mr Overton's dismissal. He claimed Mr Overton had dismissed two long-serving Save employees who subsequently had to be paid compensation. Mr Frost also said Mr Overton wrote threatening letters to licensees who were suspected of opening their stations late.

### CSFB buys up BZW Asia

Credit Suisse First Boston has bought parts of BZW Asia, the subsidiary of UK banking giant Barclays, for an undisclosed price, extending its reach in Asia's securities business. CSFB said it would buy about 200 of BZW Asia's 700 employees. It is buying BZW's Hong Kong investment banking, mergers and acquisitions and equity capital markets businesses as well as some parts of its equity sales and research businesses. The businesses being sold had net assets of £14m.

### Siemens agrees chip plant

Siemens, the German electronics and engineering giant, yesterday confirmed a 1.5bn German marks (£510m) joint venture with Motorola of the US to build a state-of-the-art computer chip plant in Dresden. The factory will develop the next generation of chip technology, which will cut production costs by 30 per cent. Siemens said research and development costs would total DM1bn, with a further DM450m invested to create around 450 new jobs.

### Shell completes Tejas deal

Shell, the Anglo-Dutch oil group, has completed its \$1.45bn (£900m) deal to merge its American gas transportation and storage business with Tejas Gas Corporation, one of the US's largest gas pipeline owners and operators. The merger, first announced in September 1997, has been approved by Tejas shareholders. The new company will use the Tejas name but will become an affiliate of Shell's US business.

### Energis to supply Lunn Poly

Energis, the business telecoms group which floated on the stock market last month, has secured a £4m contract with the travel agents chain Lunn Poly, part of the Thomson holiday group. The deal involves Energis offering voice telephone services to Lunn Poly's 794 shops across Britain. Energis has concentrated its attack on providing services to retail chains, media groups and Internet providers.

### W Morrison plans account

William Morrison Supermarkets is launching a bonus savings account in conjunction with Midland Bank, paying interest of up to 6 per cent in total. The account, to be launched on 17 January, can be opened with a minimum of £1 at any "Midland at Morrisons" outlets in the chain's supermarkets. Midland, the UK commercial banking arm of HSBC, launched outlets in Morrisons stores in May 1997.

THE INDEPENDENT  
INDEPENDENT

From Monday January 5th until Saturday February 28th, the following establishments are offering readers a two course lunch or early evening supper for just £10 per person.

To participate in the offer simply collect one token (tokens will be printed every day until Saturday February 28th) and then telephone the restaurant of your choice quoting yourself as an Independent diner. On your arrival at the restaurant you should present your token in order to qualify for the offer. Each token is valid for a complete table booking. The tokens will be valid for one week only, and will be dated accordingly. To continue to participate in the offer, simply collect a token from the week in which you wish to dine. Pre-booking is essential and all bookings are subject to availability.

A special discount is available on selected items in the Bluebird and Le Pont de la Tour shops on presentation of the token.



MOZZO

QUAGLINO'S

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BLUE PRINT CAFE

The Independent offer is available at the following restaurants:

Bluebird 350 King's Road, London, SW3 5UU  
0171 559 1000  
Lunch 12noon - 3pm, early evening supper 6pm - 7pm

Blue Print Café The Design Museum, 28 Shad Thames, London, SE1 2YE  
0171 378 7031  
Lunch 12noon - 3pm, early evening supper 6pm - 7pm\*

Le Pont de la Tour Bar & Grill 36d Shad Thames, London, SE1 2YE  
0171 403 8403  
Lunch 12noon - 3pm, early evening supper 6pm - 7pm

Mezzo 100 Wardour Street, London, W1V 3LE  
0171 314 4000  
Lunch 12noon - 3pm, early evening supper 6pm - 7pm

Quaglino's 16 Bury Street, St James's, London, SW1Y 6AL  
0171 930 6767  
Lunch 12noon - 3pm, early evening supper 5.30pm - 6.30pm

Zinc Bar & Grill 21 Heddon Street, London, W1R 7LF  
0171 255 8899  
The special 3 course menu is available between 12noon and 7pm between Monday and Wednesday the offer is extended until 11pm\*

The offer is available 7 days a week at all six restaurants  
\* Closed from 6pm on Sunday Offer not available after 6pm on February 14



Blue Print Café

THE INDEPENDENT INDEPENDENT

Valid between Saturday January 10th and Friday January 16th

Name

Address

This voucher entitles the holder and all members of their booking to participate in The Independent/Conran Restaurants £10 lunch offer

## Output casts doubt on profits for rats

Manufacturing output is expected to fall in November but retail sales bounced back in December. The continuing mixed signals on the economy left expert opinion as divided as ever about whether or not interest rates will rise next month. The report.

## Confidence among companies at

Financial confidence among companies is more positive than at any time since the early 1990s, according to a survey by the Federation of British Industries. The survey, conducted by Ipsos Mori, found that 60 per cent of companies expected a rise in sales over the next 12 months, up from 50 per cent a year earlier. It also found that 55 per cent of companies expected a rise in profits over the next 12 months, up from 45 per cent a year earlier. The survey also found that 60 per cent of companies expected a rise in employment over the next 12 months, up from 50 per cent a year earlier. The survey also found that 55 per cent of companies expected a rise in investment over the next 12 months, up from 45 per cent a year earlier.



## Lessons from Asia in money and miracles



Just when you thought it was safe to wander out in financial markets once more, the Asian crisis hits again - this time in Hong Kong, or Honk Kong as our pages rather unfortunately managed to refer to the former colony yesterday. This might seem odd because of all the little economies around the Pacific Rim, Hong Kong remains one of the more credible. At this stage it still seems unlikely that Hong Kong will be forced into a position where it has to surrender its dollar peg - the key to its economic success and present safe haven status in the region.

The currency board system introduced to Hong Kong in the early 1980s has survived worse crises than the collapse of Peregrine, so why should it crumble now? The obvious riposte is because Hong Kong cannot afford to maintain the peg when all around are devaluing with such abandon. But neither could this special administrative region withstand the collapse in international confidence and property values that would flow from devaluation. Hong Kong is damned if it does, damned if it doesn't, damned to recession if it clings to the peg, and to economic oblivion if it dismantles it. Of the two, the former would seem the lesser evil.

Even so, the damage involved in maintaining the peg under present circumstances is obviously bad enough. Part of it is a plummeting stock market, for if the currency cannot respond to the pressures around it, something else has to give.

The biggest danger would appear to be that of recessionary conditions sweeping

from Hong Kong into China. That would make present guesses about the damage crisis in the Far East is doing to the world economy look worryingly optimistic. Add to this growing signs in the US of political opposition to the International Monetary Fund's package of aid to the region, and to the top ups being handed out like confetti by the US, and the situation begins to look very serious indeed.

No wonder policy makers and bankers are looking anxiously around for signs that the contagion sweeping South-east Asia might spread to other emerging markets too. The parallels between Latin America, Eastern Europe, the Indian sub-continent, even Russia, and the stricken economies of the Far East, are obvious and many. In all these regions, growth has been heavily dependent on foreign capital, attracted in by tales of fabulous returns and limited currency risk.

A self-feeding emerging markets industry has developed around the business of directing capital into these regions. European bankers last year became the largest group of lenders to the Far Eastern economies, but what they've sunk into the Pacific Rim is modest compared with Eastern Europe and the former Soviet Union. It is also chicken feed set against US investment in Latin America. There is a danger, then, that the speculative bubble of the Tiger economies is just one of many.

For the time being, Wall Street seems determined to turn a blind eye to this possibility. Fears yesterday that Friday's precipitous plunge in the Dow would turn into a rout were eventually vanquished. And

to be frank, Armageddon still doesn't look like the most likely outcome. With luck, the bubble is not yet sufficiently far advanced in Eastern Europe, Russia, India and Latin America to be capable of the damage caused in the Far East.

If so, bankers and investors should count themselves lucky, for they now at least get the chance to learn some lessons. One of these is that Eldorado doesn't exist; there is very little that is miraculous in this world, especially when it comes to money. A second is that capitalism needs to be accompanied by democracy and adequate regulation of financial markets and corporate institutions if it is to function effectively. Nobody in their right mind would think of investing in a company in the developed world which didn't file accounts. Why do they feel so inclined to do so when it comes to emerging markets?

Unfortunately, another aspect of capitalism is that memories tend to be short - about as long as the next leg of the business cycle to be precise. The Far East may have taught bankers to be wary of other emerging markets, but like earthquakes, there will always be speculative bubbles.

### NatWest needs a new helmsman

Gone are the days when the board of a clearing bank was the size of a male voice choir. But even today you still need a decent number of chaps and chappesses to run the shop and few of our clearers seem com-

fortable rubbing along with anything less than a rugby team's worth around the board table. The board of NatWest is below strength right now, having lost two members recently, and seemingly they may be about to lose another brace if the rumours about Sir John Banham and Sir Desmond Pitcher are true. Only one replacement has so far been found, Pen Kent.

NatWest is therefore in the market for up to three new non-execs. One of them, when he (or she) has been found, will succeed Lord Alexander as non-executive chairman, if everything goes to plan.

Despite weekend press speculation to the contrary, that person will not be Sir Colin Southgate, who had been approached about adding the chairmanship of NatWest to his stewardship of EMI and the Royal Opera House. Sir Colin appears to have decided that he has enough on his plate spinning more life out of the Spice Girls, merging the ROH with the English National Opera and doing battle with Gerald Kaufman before the Select Committee on Culture, Heritage and Sport.

The names of several other candidates have been aired in recent months without any firm insight into whether they will be offered the job or indeed want to accept it. They include Sir Andrew Large, former chairman of the Securities and Investments Board, Sir Clive Thompson, chairman of Rentokil-Initial and soon to become president of the CBI, and Sir Nigel Rudd, chairman of Pilkington and Williams Holdings.

Many are called, few are chosen, as they say. But the notable thing about those called

by NatWest is that none has any record as a banker. Sir Nigel Rudd comes closest, being a non-exec of Barclays. There again neither did Lord Alexander have any experience of banking before he took up the mantle at NatWest in October, 1989 promising (or was that threatening?) not to stay in the job for any longer than 10 years.

Perhaps that is where NatWest has gone wrong. Lord Alexander may have made a wonderful fit for Jeffrey Archer but his record as a non-banker at the helm of NatWest is mixed. By contrast Lloyds TSB, by far the most successful of the four main clearers, has been run for 15 years by a professional banker, Sir Brian Pitman, who has worked for the bank man and boy. The same goes for Sir William Purves and John Bond at HSBC.

The succession timetable at NatWest runs something like this: appointment of the new non-exec in time for the prelims in February. Lord A announces his retirement at the interim in August and departs a year hence, handing over the reins to his chief executive, Derek Wanless, and turning the chairmanship into a non-executive part-time post. This is how chairmen like to go - not seen to be driven out by discontented shareholders but at their own pace.

Unfortunately, it is not clear NatWest can afford such a leisurely departure. It needs new direction right now. Furthermore, if Mr Wanless is to emerge from the shadow of his chairman and prove that he is the professional banker to run NatWest, then Lord Alexander should make way more quickly.

## Output dip casts doubt on prospect for rates rise

Manufacturing output fell unexpectedly in November but retail sales bounced back in December. The continuing mixed signals on the economy left expert opinion as divided as ever about whether or not interest rates will rise next month. Diane Coyle and Nigel Cope report.

There was support for almost any view about the British economy's prospects from yesterday's batch of surveys and statistics. Official figures showed that industrial production fell by an unexpectedly steep 0.6 per cent in November. Much of this was the fault of warm weather cutting energy output, but manufacturing also declined by 0.4 per cent.

Although its annual growth rate remained unchanged at 1.5 per cent, manufacturing has been virtually flat since July. The sector makes up just one-fifth of the economy, but its weakness suggested that fourth-quarter GDP will show a slowdown.

Analysts said yesterday's disappointing figures indicated the impact of the strong pound on exports. For the first time higher value industries such as engineering, which do not compete on price alone, were starting to slow down markedly.

Separate figures for prices paid by manufacturers for materials and charged by them at the factory gate showed that

inflationary pressure at the start of the price pipeline remained extremely subdued in December.

However, there was evidence that profit margins might have increased. Producer output prices jumped 0.4 per cent last month, taking their year-on-year change up a shade to 1.0 per cent. Prices paid for inputs fell 1.4 per cent during the month to a level 9.5 per cent lower than a year earlier.

Economists said some companies were using strong demand at home partially to offset the squeeze on profit margins. But figures for retail price inflation, due today, are expected to show a small fall in the target measure.

There was more evidence for the strength of home demand in the latest survey of the high street. The British Retail Consortium reported a surge in December sales after a weak November.

Sales rose 7.9 per cent last month, according to the survey, or 4.8 for a like-for-like basis, compared to just 4.4 per cent (1.1 per cent like-for-like) the previous month.

The figures showed a month of two halves with sales in the first two weeks continuing at November's weak level before a last minute surge in the last week before Christmas. Sales were particularly strong in the final four shopping days.

Next, the high street and mail order fashion group, provided further cheer for the retail sector with better than expected figures. It said retail sales in the 31 weeks to 24 December were 16 per cent higher on 11 per cent more sales space.

## Confidence among financial companies at two-year low

Financial services companies are more pessimistic about prospects for their business than at any time in more than two years, according to a survey by the Confederation of British Industry.

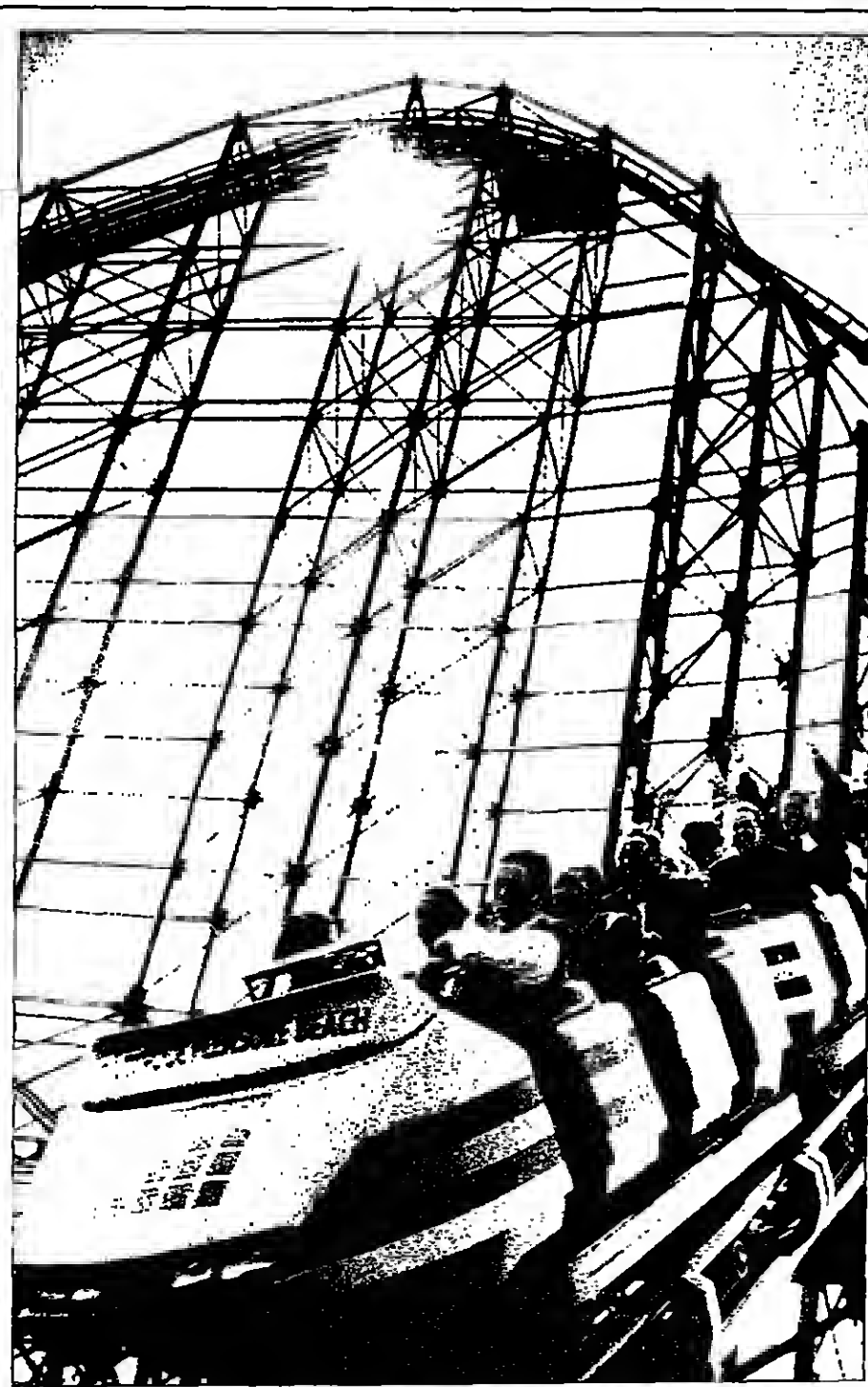
The survey, conducted by Coopers & Lybrand, showed optimism about business prospects was at its lowest level since September 1995 - despite a year of booming sales. Of 230 companies surveyed, a quarter had lost confidence.

David Sayer, partner at Coopers & Lybrand, said: "The most striking feature is that overall profitability rose strongly, yet there's been a negative effect on confidence."

He said banks were worried about rising interest rates, the impact of the Asian financial crisis, and competitive pressure from the newly converted building societies. The report said they were concerned the worries could become self-fulfilling, despite a lack of hard evidence.

Life insurers were increasingly afraid that the new regulatory regime, under the Financial Services Authority, would hit profits and subject them to much tougher control.

As if to confirm this, the Personal Investment Authority yesterday gave itself the power to ban directors from working in the industry as from 18 May.



On the up: Pubs and hotels are reporting buoyant trading for December

## Festive spending cheers leisure industry

The leisure industry appears to have enjoyed a happy Christmas. Jarvis Hotels, the mid-market hotel operator, yesterday revealed that turnover had risen 23 per cent, and like-for-like sales were up more than a fifth, in the run up to Christmas and New Year.

John Jarvis, chairman and chief executive of Jarvis Hotels, said: "Unlike some of the apparent high street retail experience, our customers seemed to be determined to enjoy the holiday season."

The group has enjoyed bumper bookings due to the trend for firms which have had to cap wage rises instead rewarding employees with Christmas parties. There is also evidence of strong growth in the short break market, with more people going away for the festive period, especially between Boxing Day and the New Year. Themed breaks such as

walking holidays and murder mystery weekends are proving extremely popular as more Britons eschew a traditional family Christmas.

Jarvis is also close to making its first big acquisition after announcing it had a £100m war chest at its disposal on unveiling its interim results in November.

"A deal is imminent. We are close to buying a major hotel with health and fitness centre in a big city. It will be the first of many acquisitions," said Mr Jarvis.

The good news is not confined to the hotel sector. Old English Pub Company, the pub and coaching inn operator, added to the good news, revealing that trading was buoyant in December, with like-for-like sales rising by 8.1 per cent thanks to a sharp rise in food sales. It had planned to sell 5,000 Christmas Day lunches but ended up selling more than a thousand extra.

Freeport Leisure, which runs factory outlets and leisure villages, also had a storming Christmas. "It has been an excellent Christmas, with all our sites performing strongly," said Sean Collidge, the group's chief executive.

Analysts believe that further evidence of Christmas strong trading in the pub and hotel industries should emerge later this week with Whitbread announcing a trading statement on Wednesday. The market will also be watching closely for comments from Thistle, the troubled hotel group which recently lost long-standing chief executive Robert Peel and is in need of a decent set of trading figures to calm investors' nerves. Diageo, the Grand Metropolitan and Guinness combine, could also give an update on sales and how the Far East financial turmoil has hit profits.

— Andrew Yates

## BSkyB confirms launch of digital TV this summer

Digital satellite television will be available before the end of June, BSkyB confirmed yesterday. The announcement eased investors' fears that regulatory hold-ups and delays in manufacturing the satellite decoders necessary to receive the service would force the broadcaster to postpone the launch. Peter Thal Larsen reports.

BSkyB said the hardware and software developments for the decoders were on track to allow the launch to take place "in the second quarter of 1998". It had previously aimed to start the 200-channel service in the late spring.

The announcement came too late to salvage BSkyB's

share price, which had slipped 12.75p to 432p earlier in the day. The slide was prompted by comments from Pace Micro Technology, one of the four manufacturers chosen to supply the decoders for BSkyB's service. The group said it would not supply any decoders to BSkyB before the end of its financial year in May.

That view was echoed around the industry. Another BSkyB decoder supplier said that it would take at least five months to start producing boxes from when the broadcaster placed its order. "Given that time is critical they had better get on with it," the supplier said. Although BSkyB has selected Amstrad, Panasonic, Matsushita and Pace to supply the decoders, it has not given any firm orders and manufacturers have yet to set up their production lines.

However, observers were sceptical about the claims, suggesting that manufacturers had every incentive to pressurise

BSkyB into placing its order.

Meanwhile, BSkyB is understood to be ready to provide all the subsidy required to reduce the cost of the set-top decoders to below £200. The majority of the subsidy, which amounts to about £200 per box, was originally supposed to be borne by British Interactive Broadcasting (BIB), the interactive entertainment joint venture between BSkyB, British Telecom and Matsushita.

But BIB, which is planning to launch its service in the autumn, is still awaiting regulatory clearance from the European Union competition authorities. Although it is eventually expected to win clearance, it cannot authorise the subsidy for the decoders until approval comes through. Without the subsidy, meanwhile, suppliers are reluctant to start manufacturing.

BSkyB is now understood to be proposing that it guarantees the full subsidy on the boxes, and that BIB pays it back when it achieves regulatory approval.

## Board takes pay cut at Mulberry

Directors in Mulberry, the luxury goods group, are to take a 12 per cent pay cut following the group's poor performance which has seen it slump into increased losses. The company has also imposed a pay freeze on the rest of its staff in an attempt to reduce costs. It has already reduced its payroll by 10 per cent since last year.

The boardroom pay cut includes that of chief executive Roger Saul, whose salary was £120,000 last year, and Godfrey Davis, the finance director, who earned £150,000. Mr Davis said: "We work as a team and we felt we should set an example."

He refused to comment on whether the pay cut should be in line with the fall in the company's share price since its flotation in 1996. The shares have lost more than half their value since their 153p placing on the Alternative Investment Market.

Yesterday the shares closed down a further 5.5p to 64.5p when the company announced increased half-year losses of £720,000. It blamed the strong pound for hitting sales in London and Europe. It is also exposed to the financial turmoil in the Far East.

Another luxury goods retailer also lost its aura yesterday when Theo Fennell, the up-market jeweller, issued a profits warning. It blamed disappointing Christmas trading with sales to high net-worth customers lower than anticipated. The strong pound and the Far East were other factors, it said. The shares slumped by 7p to 25.5p.

— Nigel Cope

## THE INDEPENDENT WIN Savage Earth - Watch it and Quake!



Savage Earth from Warner Vision Video is Granada TV's critically acclaimed natural disaster documentary series.

The video comprises of four episodes, Hell's Crust, Rumbles Planet, Out of the Inferno and Waves of Destruction cover three and a half hours of astonishing footage in one video.

Filed in China, Columbia, Mexico, Japan, New Zealand, the Philippines, Italy, India, Iceland and USA. Savage Earth features the eruption of Mount St Helens, earthquake destruction in California and Japan, the unpredictable moods of volcanoes and the havoc caused by the tsunami waves around the Pacific.

Savage Earth skillfully combines the extraordinary power and images of strange and tranquil beauty with harrowing eye-witness accounts and moving personal testimonies - the result being both educational and hair-raising!

We have forty Savage Earth videos to win. To enter this competition, simply dial the number below, answer the following question on line and leave your name and full address:

Q: What is the name of the 'Fault' in San Francisco?

Call 0930 563406

Calls cost 50p per minute at all times. Winners picked at random after lines close 15 January 1998. Usual Newspaper Publishing rules apply. Editor's decision is final.



## Western markets remain resilient to bouts of Asian flu

### MARKET REPORT



DEREK PAIN

Once again it was the crash that never was. Although shares fell sharply in early trading, the forecast Hong Kong hurricane failed to ripple through the stock market and with only a little selling Focstone ended just 69.5 points lower at 5,068.8.

For a time it looked as though equities would be hammered. The index fell 150 points and appeared to be in danger of going much lower. But once it became clear New York would not, at least during London hours, suffer another slump, shares picked up.

The market's resilience was, in part, due to the remarkable way it has recovered from previous bouts of Asian flu. With earlier, often frightening, setbacks quickly shrugged off there is a natural hesitancy to sell into a market weakened by overnight developments.

The turmoil in the Far East, which Datastream/ICV calcu-

lates has wiped £665bn from the nine main Asian markets since October, has so far had little lasting impact on western markets; London and New York still remain within striking distance of their peaks.

The latest Asian tension occurred as Merrill Lynch's regular fund managers survey showed a preference for European equities. Three out of four believe London shares are fully valued, although 43 per cent are bullish on a year's view.

Nycomed, the Anglo-Norwegian healthcare group, blissfully ignored the gloom with a 65p gain to 2,025p. Domestic stocks such as J Sainsbury and share buy-back candidates like United Utilities and Thames Water were others to push ahead.

Allied Domecq recovered a 17p fall to end 10p higher at 532p as murmurs of some form of corporate activity were heard again.

Another to enjoy a somewhat was Dixons, the electrical retailer. Off 77p, largely on worries about tomorrow's trading statement, it closed with a 6p plus to 588p as a more positive attitude became apparent.

Once again groups with Far Eastern connections took some flak although Standard Chartered turned a 56p fall into a 2p gain at 549p. HSBC ended 11p off at 1,369p after falling 74p in the early mayhem. Cable & Wireless confined its decline to 7p at 487p but international trader Inchcape ended at its day's low of 15.5p to 137.5p. Five years ago the shares were riding at 63.2p.

British Aerospace, lowered 53p to 1,734p, was hit by talk Far Eastern airline orders may be shelved.

BTR took another pounding, falling 8.5p to 171.5p, lowest for eight years. Tomkins, despite profits ahead of

expectations, fell 10p to 300p. Analyst comments had little impact. Cadbury Schweppes fell 6p to 639p, ignoring Goldman Sachs support. Salomon Smith Barney enthusiasm for generators National Power and PowerGen left the shares off 5p to 639p and 11p at 802p respectively.

But BZW left BSkyB off 12.75p at 432p and ABN Amro Hoare Govett support sweet-

ened sugar group Tate & Lyle, up 18.5p to 535p, an all-time peak. The shares have come up from 400p since August and although prospects have improved there is a sneaking suspicion the group, which once resisted nationalisation attempts by Old Labour, is in a predator's sights.

The usual array of disappointing statements appeared. Serravallo, an airline support group, dived 65p to 200p after a profits warning; jeweller Theo Fennell dropped 7p to 25.5p after saying disappointing Christmas trading would hit profits and Pace Micro Technology lost 8p to 37.5p following yet another profits warning.

There were also encouraging statements. Supermarket chain Wm Morrison, IT operator Triad and shipbuilder Cammell Laird were among those to make headway.

B Effitt, the old machine

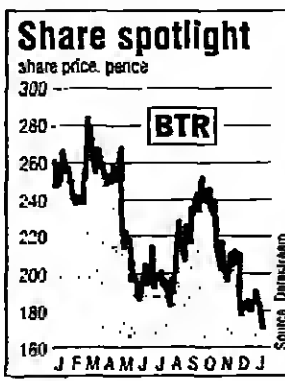
tool group now a specialist engineer, is the latest non-Footsie stock to attract a bidder. The shares jumped 20p to 93.5p after the company confirmed an approach.

EW Fact, the accountancy tuition group, edged ahead 4p to 65.5p. There was vague talk of bid action. BPP, unchanged at 517.5p was one name in the frame.

KS Bioedix firmed 1.5p to 115p. It has developed three antibodies for colon cancer. Details of other projects are thought to be in the pipeline.

Emerald Energy was busy traded. The price firmed 1p to 7.25p in a near 22 million share turnover. The company continues its Colombian oil programme but the depth of the drill means progress is slow. There are hopes of a development report next week.

A £5.2m property disposal hardened Estates & General 4.5p to 80p.



### TAKING STOCK

Megalomedia, headed by Maurice Saatchi, gained 3.5p to 63.5p. Landau Enterprises, owned by the Saatchi family and friends, picked up 100,000 shares at 59p, lifting its stake to 43.1 per cent. There is speculation Mr Saatchi could descend on the Saatchi & Saatchi advertising group, split from Cordiant. S&S was little changed at 113p.

Deltron Electronics, a distributor and maker of electronic components, firmed 8p to 127.5p following a round of investment meetings. There are suggestions it will make a positive trading statement this week. Profits this year are likely to emerge at £3.3m, up from £2.7m, and there are hopes of £3.8m next year.

Alan Stack, chairman of Lotteryking, providing lotteries for clubs, picked up 300,000 shares at 1.5p, taking his stake to 35.48 per cent. The price held at 2p.



HAMISH MCRAE

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Alcoholic Beverages							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Food Producers							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Gas Distribution							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Health Care							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Electricity							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Electronics							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

22 week	High	Low	Stock	Price	Chg	YTD	P/E Code
Health Care							
484	148	146	Adnoca	146.00	-0.04	0.0	146.00
485	148	146	Adnoca	146.00	-0.04	0.0	146.00
486	148	146	Adnoca	146.00	-0.04	0.0	146.00
487	148	146	Adnoca	146.00	-0.04	0.0	146.00
488	148	146	Adnoca	146.00	-0.04	0.0	146.00
489	148	146	Adnoca	146.00	-0.04	0.0	146.00
490	148	146	Adnoca	146.00	-0.04	0.0	146.00
491	148	146	Adnoca	146.00	-0.04	0.0	146.00
492	148	146	Adnoca	146.00	-0.04	0.0	146.00
493	148	146	Adnoca	146.00	-0.04	0.0	146.00
494	148	146	Adnoca	146.00	-0.04	0.0	146.00
495	148	146	Adnoca	146.00	-0.04	0.0	146.00
496	148	146	Adnoca	146.00	-0.04	0.0	146.00
497	148	146	Adnoca	146.00	-0.04	0.0	146.00
498	148	146	Adnoca	146.00	-0.04	0.0	146.00
499	148	146	Adnoca	146.00	-0.04	0.0	146.00
500	148	146	Adnoca	146.00	-0.04	0.0	146.00

Market Leaders Top 20 Volumes										See page 9				
Stock	Lead	Seed	Vol	Stack	Vol	Stack	Vol	Stack	Vol	Stack				
Adnoca	22.66m	ADNCA Corp	8.23m	Grand Central	9.35m	Unilever	7.76m							
Transport	22.46m	MSDAG Inc	8.17m	Scotts-Chlorox	8.89m	Wm Wiegman	7.55m							
Pharm	8.26m	Qig	16.66m	Int'l Procter/Km	8.53m	Indigo	7.25m							
Pharm	7.22m	Barron Corp	9.16m	Richfield-New	8.21m	Indigo	7.16m							
Pharm	0.53m	Int'l Sky Broadcast	1.75m	Int'l Telecom	7.00m	Sawtooth	7.00m							
SEE 100 Index hour by hour														
5282	11:00	5060.4	Down 13.9	14:00	4995.2	Down 16.1								
5028.9	Down 10.9	12:00	4994.6	Down 13.7	15:00	5044.2	Down 9.1							
5023.9	Down 14.4	1:00	5006.1	Down 12.8	16:00	5068.8	Down 69.5							
22 week														
High	Low	Stock	Price	Chg	YTD	P/E Code	52 week	High	Low	Stock	Price	Chg	YTD	P/E Code
73.00	45.50	67 238	2226	90 38	Heinz	Adlco	51.50e	115	257	727				
47.00	37 23	178	573	268 96b	Home Focus	20.00e	25.00e	120	258					
46.00	4.20	55 254	254	268 96b	Home Focus	20.00e	25.00e	120	258					
45.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
44.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
43.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
42.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
41.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
40.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
39.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
38.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
37.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
36.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
35.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
34.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
33.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
32.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
31.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
30.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
29.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
28.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
27.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
26.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
25.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
24.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
23.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
22.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
21.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
20.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
19.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
18.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
17.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
16.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
15.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
14.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
13.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
12.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
11.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
10.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
9.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
8.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
7.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
6.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
5.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
4.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
3.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
2.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
1.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					
0.00	1.00	19 57	588	268 96b	Home Focus	20.00e	25.00e	120	258					







## GOLF

# Olazabal lightens step and takes giant strides once more

Intense, passionate, dedicated are all adjectives to describe Jose Maria Olazabal's approach to golf.

After 18 months out of the game with a foot injury, perspective can now be added to the list. Andy Farrell finds a relaxed Spaniard looking forward to the start of a new season next week.

There have been times when Jose Maria Olazabal has not always looked like he was enjoying himself on the golf course. These would be the days that reporters awaiting the Spaniard at the recorder's hut could expect to get more out of Nick Faldo in monosyllabic mode.

While Olazabal has the hands of an artist, and Faldo those of a (highly proficient) technician, the pair share one vital quality in the make-up of a champion, that of being a perfectionist.

Olazabal was down in the dumps after losing the 1991 US Masters to Ian Woosnam for so long that it was not until March 1994, after a sharp talking-to from Maite Gomez, the wife of his manager Sergio, that the complex Basque snapped out of it. He was slipping on a Masters Green Jacket only a month later.

But while that season was the highest point of his career, the lowest followed from September 1995 when he had to quit the tour with a foot injury. An initial wrong diagnosis of the condition meant there were times he could not walk during the 18 months he was away from the game.

Such experiences change a person. "It has always been a pleasure to play golf, even

though I didn't look like I was enjoying it sometimes," he said. "It has always been a pleasure all my life to play golf, but it gives you a different feeling after what I have been through."

"After you have been 18 months without being able to work, then you start to appreciate the small things in life. Just to wake up, to stand on your feet having no pain, being able to work, play 18 holes and just look up in the air and see blue skies and trees all around you. These are very, very nice things."

Last week Olazabal was in a relaxed mood as he made a fleeting visit to the European Tour's Training School at San Roque. He talked as openly and warmly with the new recruits who will embark on their professional careers this year as he later did with the media.

It was the first time the 31-year-old had returned to the hotel where he stayed as a member of the European team at last September's Ryder Cup. That triumphant week holds special memories for Olazabal, as does his victory in the Canaries Open, which was only his third event after resuming his career. "I cannot put one in front of the other," he said.

"Winning my third tournament was very emotional. On the 18th hole all the memories of those 18 months came to my mind and it is very difficult to explain what you feel. At the Ryder Cup, it was pretty much the same thing because I had to decline the invitation to play two years before. It was a wonderful week, not just for me but for Europe."

Olazabal was so overcome at the victory press conference that he broke down in tears. The memories of that week, he says now, are something "I couldn't put money on".

Money does not figure large in his list of priorities. "Material things don't mean

much to me. I have had a chance in my life to have the best cars, the best watches or whatever. But I have never had more than one car. I am always wearing the same watch. Family, I think, is more important."

"I have been lucky in life to have wonderful parents and great friends. To be able to build a house with enough room to bring my parents to live there, that to me is more important than anything else. They have done a lot for me and now I am paying them back. That is what I really enjoy, to see them happy."

The reason for Olazabal's visit to San Roque was twofold. He is working with MacGregor on a new set of blade clubs, although no contract will be signed until he is entirely satisfied. And there was the chance for John Jacobs, the renowned coach who has been the only man Olazabal has ever trusted enough to take advice from, to look over his swing.

The session was positive, although Olazabal knows he needs to work on the takeaway in his swing and his driving before opening the season at the Johnnie Walker Classic in Thailand next week. He has not always journeyed to the Far East at the start of a year, but it has been forced on him by the decline in opportunities to play in Europe prior to the Masters.

Olazabal, who still lives on the San Sebastian golf course where his parents worked, does not enjoy long trips from home. He does not want to go full-time on the US Tour, but feels improvements need to be made at home.

"I strongly believe that we need to improve the facilities and the conditions on the golf courses," he said. "I think that should be the priority and I think it is the priority for the people running the European Tour."



Olazabal enjoying the Ryder Cup - 'a wonderful week' - last September

Photograph: Reuters

## Mickelson able to ward off Woods

Phil Mickelson survived charges by Tiger Woods and Mark O'Meara to win the Mercedes Championship by one stroke in Carlsbad, California, on Sunday. Mickelson moves up to fifth place in the world rankings issued yesterday, a jump of two places and his highest ever.

A tie for second place by Tiger Woods enabled Mickelson's fellow American to regain the lead from Australia's Greg Norman.

Mickelson, who began the final round with a one-stroke lead, recovered from a first-hole bogey to shoot a four-under-par 68 on the saturated La Costa course. He finished at a 17-under 271, while Woods and O'Meara both shot 64 to tie for second on 272.

"It was a pretty exciting day and a great way to start '98, because '97 in some respects was disappointing for me, even though I won two times," Mickelson said. He collected \$306,000 (£204,000) for his 12th PGA Tour victory.

Mickelson, who grew up in nearby San Diego and used to attend this tournament regularly, was not at his best, but seven birdies and three bogeys were enough to achieve his goal.

"I had one mindset," he said. "The only thought I had was to do whatever it takes to win and I kept thinking that throughout the round."

Woods, the defending champion, could not quite repeat, but he did enough to show everyone he is likely to be the player to beat again this year.

"I drove it great all week; hit my irons well," he said. "Unfortunately I had a four-putt and two three-putts. Other than that, I'm very pleased with my game. All the things I've been working on feel very comfortable."

Rankings, Sporting Digest, page 27

## PHILIPS



Today we publish the updated results of The Independent Fantasy Football League. The player scores are for all League games played until Sunday 11 January. The league table includes all scores up to 4 January 4. Neither set of scores includes results from the FA Cup. The manager who is the overall winner will win a trip to the World Cup finals in France this summer.

Every time one of your players score you get four points. There are four points for a keeper or a defender every time their team keeps a clean sheet. If a player scores the winning goal, i.e. if there is a one goal difference in the scoreline, the player scoring the final goal for the winning team is awarded 1 bonus point awarded in addition to standard goal related points. Each successful Assist, a pass judged by our experts to lead directly to a goal, will give a player 3 points. The opinion of our experts on the matter is final. Each player selected and starting a game will be awarded one point.

If a player is given a Yellow Card they lose 1 point, if a player is given a Red Card they lose 3 points. Own goals, either scored or conceded, do not count.

The Premiership Manager that you choose will be awarded 3 points if their real-life team wins, 1 point is awarded if they draw and no points are given if they lose.

Updated player scores and league tables will be published every Tuesday in The Independent and repeated the following Sunday in the Independent on Sunday.

HOW TO SCORE	
player score	4
clean sheet	4
winning goal	1
successful assist	3
yellow card	-1
red card	-3
manager's team wins	3
draw	1
loss	0

# INDEPENDENT FANTASY FOOTBALL

## LEAGUE TABLE

CALCULATED ON MATCHES PLAYED FROM 8 AUGUST - 4 JANUARY

POS	NAME	TEAM	POINTS
1	Mr D Baker	Deja Vu	720
2	Mr B Sral	The Untouchables	719
3	Mr D Aston	Billy Boys 2nd II	719
4	Mr B Sral	Simply The Best	718
5	Miss Lisa Wild	Ameritico AFC	717
6	Mr J McCrossan	Washed Up Army	717
7	Mr Archer	No Wright	712
8	Mr S Scott	Unbeatable	712
9	Mr C King	Fooking Victory	711
9	Mr P Tuffler	Pins Ups 4	711
9	Mr D Evans	Boothend End Old Boys	711
9	Mr J Cox	Southville FC	711
13	Mr I Boyle	Wembley Bounders	708
13	Mr A Wingrove	Tony's Brace	708
13	Mr T Lyons	Diana's Demons	708
16	Mr D Edmondson	Edmo United	705
17	Mr D Aston	Billy Boys 3rd II	701
17	Mr G Bell	Stunning Stunts	701
19	Mr G Bell	The Hairy Monsters	695
20	Mr J Cox	Retro Rovers	694
21	Mr G Ford	Lindhorpe Rovers	693
21	Mr D Ackroyd	Jack's Lads	693
21	Mr J McCrossan	Washed Up Army	693
21	Mr K Boyle	Clogston Rovers	693
25	Mr I Brown	The Hoofers	692
25	Mr A Choudhri	Nidies 9th II	692
25	Mr S Scott	The Dream Team	692
28	Mr C Thomas	Scunthorpe Extras	690
28	Mr D Baker	Dead Heat	690
30	Mr A Cunningham	The Zebra	688
31	Mr M Ewins	Mike's C Team	687
32	Mr S Man	Rebecca Rovers	685
33	Mr D McCarrre	McCarre II	684
33	Mr M Ward	Team A 40	684
33	Mr S Walker	Daniel's United	684
37	Mr C Hempstead	Viva Baby Jo	684
37	Mr Brady	Look Lively	683
38	Mr M Pawley	Robert's Raiders	682
38	Mr M Ewins	I've Started But Will I Finish	682
38	Mr M Ewins	Mike's A Team	682
38	Mr A Mitchell	The Eye For It	682

OVERALL SCORE CALCULATED ON MATCHES PLAYED FROM 8 AUGUST - 4 JANUARY

CODE	PLAYER	TEAM	PTS	CODE	PLAYER	TEAM	PTS	CODE	PLAYER	TEAM	PTS	CODE	PLAYER	TEAM	PTS	
GOALKEEPERS																
300	Seaman	ARS	1	48	41	456	Elliot	BOL	0	12	504	Campbell	TOT	1	37	4.0
303	Latic	ARS	0	0	1.0	457	Fardough	BOL	0	3	505	Culverwood	TOT	1	35	2.0
304	Manninger	ARS	0	0	1.0	458	Taggart	BOL	0	9	506	Austin	TOT	0	0	2.2
305	Bronch	AV	1	35	4.0	459	Dargosson	BOL	0	5	507	Edinburg	TOT	0	18	1.6
306	Oakes	BAR	0	0	1.0	460	Duberry	CHE	0	34	508	Carr	TOT	1	44	1.2
307	Watson	BAR	0	12	1.0	461	Petrusci	CHE	0	36	509	Marbun	TOT	0	19	1.5
309	Loose	BAR	0	0	1.0	462	Landwehr	CHE	1	3	510	Stewart	WH	0	0	1.0
309	Flowers	BLA	1	41	5.2	463	Lebedev	CHE	0	61	511	Risner	WH	0	12	2.7
310	Finn	BLA	0	12	1.0	464	Snodgrass	CHE	0	26	512	Hall	WH	0	0	3.0
313	Brangan	CHE	5	50	1.2	465	Black	CHE	0	44	513	Potts	WH	5	19	1.5
314	De Gloy	CHE	1	38	1.0	466	Shaw	COV	1	44	516	Fordad	WH	5	35	2.5
315	Orieas	COV	0	37	2.2	467	Burrows	COV	1	34	517	Laney	WH	5	21	2.0
317	Hedman	COV	0	0	1.0	468	Stewart	COV	0	11	518	Thurmer	WH	0	0	2.0
318	Nash	CRY	0	0	1.0	469	Gordon	CRY	1	30	519	Perry	WIM	1	36	4.0
319	Ow	CRY	0	0	1.0	470	Edwards	CRY	1	30	520	Cunningham	WIM	0	28	1.5
340	Poon	OER	1	51	1.2	471	Edwards	CRY	1	30	521	McAlister	WIM	0	1	1.5
341	Adams	OER	0	0	1.0	472	Long	CRY	1	41	522	Knox	WIM	1	28	1.5
344	Southall	EVE	0	0	1.0	473	Langston	CRY	1	41	523	Wise	WIM	0	0	1.0
345	Gerrard	EVE	0	0	1.0	474	Roberts	CRY	1	41	524	Wise	WIM	0	0	1.0
346	Bewley	LEE	1	30	1.0	475	Henderson	CRY	1	34	525	Wise	WIM	0	0	1.0
347	Bewley	LEE	1	30	1.0	476	Roberts	CRY	1	41	526	Wise	WIM	0	0	1.0
348	Keller	LEE	1	30	1.0	477	Henderson	CRY	1	34	527	Wise	WIM	0	0	1.0
349	Poole	LEE	0	0	1.0	478	Roberts	CRY	1	41	528	Wise	WIM	0	0	1.0
350	James	LIV	5	53	3.5	479	Henderson	CRY	1	34	529	Wise	WIM	0	0	1.0
351	Warner	LIV	0	0	1.0	480	Roberts	CRY	1	41	530	Wise	WIM	0	0	1.0
352	Schachtel	MAN	5	68	5.5	481	Roberts	CRY	1	41	531	Wise	WIM	0	0	1.0
353	Van Der Gouw	MAN	0	0	1.0	482	Roberts	CRY	1	41	532	Wise	WIM	0	0	1.0
354	Schachtel	MAN	5	68	5.5	483	Roberts	CRY	1	41	533	Wise	WIM	0	0	1.0
355	Van Der Gouw	MAN	0	0	1.0	484	Roberts	CRY	1	41	534	Wise	WIM	0	0	1.0
356	Schachtel	MAN	5	68	5.5	485	Roberts	CRY	1	41	535	Wise	WIM	0	0	1.0
357	Hilop	NEW	1	14	2.5	486	Roberts	CRY	1	41	536	Wise	WIM	0	0	1.0
358	Presman	SHEF	1	40	3.0	487	Roberts	CRY	1	41	537	Wise	WIM	0	0	1.0
359	Taylor	SOU	0	0	1.0	488	Roberts	CRY	1	41	538	Wise	WIM	0	0	1.0
360	Bessant	SOU	0	0	1.0	489	Roberts	CRY	1	41	539	Wise	WIM	0	0	1.0
361	Walker	TOT	0	0	1.0	490	Roberts	CRY	1	41	540	Wise	WIM	0	0	1.0
362	Walker	TOT	0	0	1.0	491	Roberts	CRY	1	41	541	Wise	WIM	0	0	1.0
363	Walker	TOT	0	0	1.0	492	Roberts	CRY	1	41	542	Wise	WIM	0	0	1.0
364	Walker	TOT	0	0	1.0	493	Roberts	CRY	1	41	543	Wise	WIM	0	0	1.0
365	Middleton	WH	0	0	1.0	494	Roberts	CRY	1	41	544	Wise	WIM	0	0	1.0
366	Sullivan	WIM	1	44	2.5	495	Roberts	CRY	1	41	545	Wise	WIM	0	0	1.0
DEFENDERS																
400	Upton	ARS	0	0	2.0	506	Kvarme	LIV	0	42	546	Thompson	BOL	1	32	2.8
403	Upton	ARS	0	0	2.0	507	Kvarme	LIV	0	42	547	Pollock	BOL	1	32	2.8
404	Pratt	ARS	1	49	4.2	508	Kvarme	LIV	0	42	548	Sellars	BOL	1	32	2.8
405	Grindall	ARS	0	0	2.0	509	Kvarme	LIV	0	42	549	Sellars	BOL	1	32	2.8
406	Wainwright	ARS	1	55	5.5	510	Kvarme	LIV	0	42	550	Sellars	BOL	1	32	2.8
407	Boad	ARS	1	28	2.5	511	Kvarme	LIV	0	42	551	Sellars	BOL	1	32	2.8
408	Adams	ARS	1	35	1.5	512	Kvarme	LIV	0	42	552	Sellars	BOL	1	32	2.8
409	Kearns	ARS	1	11	4.5	513	Kvarme	LIV	0	42	553	Sellars	BOL	1	32	2.8
410	Stanton	AV	1	41	3.0	514	Kvarme	LIV	0	42	554	Sellars	BOL	1	32	2.8
411	Stanton	AV	1	41	3.0	515	Kvarme	LIV	0	42	555	Sellars	BOL	1	32	2.8
412	Stanton	AV	1	41	3.0	516	Kvarme	LIV	0	42	556	Sellars	BOL	1	32	2.8
413	Nelson	AV	0	0	1.0	517	Kvarme	LIV	0	42	557	Sellars	BOL	1	32	2.8
414	Wright	AV	0	30	3.5	518	Kvarme	LIV	0	42	558	Sellars	BOL	1	32	2.8
415	Wright	AV	0	30	3.5	519	Kvarme	LIV	0	42	559	Sellars	BOL	1	32	2.8
437	Schmeiss	AV	7	23	4.7	520	Kvarme	LIV	0	42	560	Sellars	BOL	1	32	2.8
438	Grossay	AV	1	38	2.2	521	Kvarme	LIV	0	42	561	Sellars	BOL	1	32	2.8
439	Mores	BAR	0	70	1.5	522	Kvarme	LIV	0	42	562	Sellars	BOL	1	32	2.8
440	Appley	BAR	17	28	2.0	523	Kvarme	LIV	0	42	563	Sellars	BOL	1	32	2.8
443	Thompson	BAR	0	6	1.0	524	Kvarme	LIV	0	42	564	Sellars	BOL	1	32	2.8
444	Krizan	BAR	1	11	1.0	525	Kvarme	LIV	0	42	565	Sellars	BOL	1	32	2.8
445	Berg	BLA	5	51	3.5	526	Kvarme	LIV	0	42	566	Sellars	BOL	1	32	2.8
446	Le Saux	CHE	7	56	5.0	527	Kvarme	LIV	0	42	567	Sellars	BOL	1	32	2.8
447	Coleman	CHE	0	0	3.0	528	Kvarme	LIV	0	42	568	Sellars	BOL	1	32	2.8
448	Hendry	BLA	1	49	4.4	529	Kvarme	LIV	0	42	569	Sellars	BOL	1	32	2.8
449	Kenia	BLA	35	49	4.0	530	Kvarme	LIV	0	42	570	Sellars	BOL	1	32	2.8
450	Henechov	BLA	0	53	2.0	531	Kvarme	LIV	0	42	571	Sellars	BOL	1	32	2.8
453	Valey	COV	0	20	3.0	532	Kvarme	LIV	0	42	572	Sellars	BOL	1	32	2.8
454	Wright	COV	4	4	1.0	533	Kvarme	LIV	0	42	573	Sellars	BOL	1	32	2.8
455	Cox	TOT	1	12	2.5	534	Kvarme	LIV	0	42	574	Sellars	BOL	1	32	2.8
MIDFIELDERS																
601	Flatt	ARS	0	24	2.5	607	Parker	ARS	1	30	706	Beardley	BOL	0	21	2.0
602	Parker	ARS	1	30	2.4	608	Parker	ARS	1	30	707	Beardley	BOL	0	21	2.0
603	Parker	ARS	1	30	2.4	609	Parker	ARS	1	30	708	Beardley	BOL	0	21	2.0
604	Parker	ARS	1	30	2.4	610	Parker	ARS	1	30	709	Beardley	BOL	0	21	2.0
605	Viars	ARS	1	25	4.5	611	Parker	ARS	1	30	710	Beardley	BOL	0	21	2.0
606	Overman	ARS	10	50	6.0	612	Parker	ARS	1	30	711	Beardley	BOL	0	21	2.0
607	Overman	ARS	10	50	6.0	613	Parker	ARS	1	30	712	Beardley	BOL	0	21	2.0
608	Overman	ARS	10	50	6.0	614	Parker	ARS	1	30	713	Beardley	BOL	0	21	2.0
609	Overman	ARS	10	50	6.0	615	Parker	ARS	1	30	714	Beardley	BOL	0	21	2.0
610	Overman	ARS	10	50	6.0	616	Parker	ARS	1	30	715	Beardley	BOL	0	21	2.0
611	Overman	ARS	10	50	6.0	617	Parker	ARS	1	30	716	Beardley	BOL	0	21	2.0
612	Overman	ARS	10	50	6.0	618	Parker	ARS	1	30	717	Beardley	BOL	0	21	2.0
613	Overman	ARS	10	50	6.0	619	Parker	ARS	1	30	718	Beardley	BOL	0	21	2.0
614	Overman	ARS	10	50	6.0	620	Parker	ARS	1	30	719	Beardley	BOL	0	21	2.0
615	Overman	ARS	10	50	6.0	621	Parker	ARS	1	30	720	Beardley	BOL	0	21	2.0
616	Overman	ARS	10	50	6.0	622	Parker	ARS	1	30	721	Beardley	BOL	0	21	2.0
617	Overman	ARS	10	50	6.0	623	Parker	ARS	1	30	722	Beardley	BOL	0	21	2.0
618	Overman	ARS	10	50	6.0	624	Parker	ARS	1	30	723	Beardley	BOL	0	21	2.0
619	Overman	ARS	10	50	6.0	625	Parker	ARS	1	30	724	Beardley	BOL	0	21	2.0
620	Overman	ARS	10	50	6.0	626	Parker	ARS	1	30	725	Beardley	BOL	0	21	2.0
621	Overman	ARS	10	50	6.0	627	Parker	ARS	1	30	726	Beardley	BOL	0	21	2.0
622	Overman	ARS	10	50	6.0	628	Parker	ARS	1	30	727	Beardley	BOL	0	21	2.0
623	Overman	ARS	10	50	6.0	629	Parker	ARS	1	30	728	Beardley	BOL	0	21	2.0
624	Overman	ARS	10	50	6.0	630	Parker	ARS	1	30	729	Beardley	BOL	0	21	2.0
625	Overman	ARS	10	50	6.0	631	Parker	ARS	1	30	730	Beardley	BOL	0	21	2.0
626	Overman	ARS	10	50	6.0	632	Parker	ARS	1	30	731	Beardley	BOL	0	21	2.0
627	Overman	ARS	10	50	6.0	633	Parker	ARS	1	30	732	Beardley	BOL	0	21	2.0
628	Overman	ARS	10	50	6.0	634	Parker	ARS	1	30	733	Beardley	BOL	0	21	2.0
629	Overman	ARS	10	50	6.0	635	Parker	ARS	1	30	734	Beardley	BOL	0	21	2.0
630	Overman	ARS	10	50	6.0	636	Parker	ARS	1	30	735	Beardley	BOL	0	21	2.0
631	Overman	ARS	10	50	6.0	637	Parker	ARS	1	30	736	Beardley	BOL	0	21	2.0
632	Overman	ARS	10	50												



## AMERICAN FOOTBALL

Broncos bowl over  
Steelers to face Favre

The Denver Broncos survived a late comeback at Pittsburgh before winning the AFC Championship 24-21 on Sunday to take their place in the Super Bowl.

They will meet the Green Bay Packers - who claimed their second consecutive NFC Championship by defeating the San Francisco 49ers 23-10 at Candlestick Park - at San Diego on 25 January.

The Broncos were led by their running back Terrell Davis who gained 139 yards rushing - the first time this season the Steelers have given up more than 100 yards - and a touchdown. John Elway threw two touchdown passes in the final two minutes of the first half. That put them 24-14 ahead at half-time.

Pittsburgh, hosting their third AFC Championship in the past four years, fought back with Kordell Stewart throwing a touchdown pass with less than three minutes remaining.

He had opened the scoring, running in for a touchdown but the quarterback's most crucial statistics were three interceptions and a lost fumble.

The Denver kicker, Jason Elam, accounted for the Broncos' only points after the break, his field goal proving to be the match-winner.

The victory puts Elway and the Broncos, a wild-card team, back in the Super Bowl for the first time since 1990 when they lost to San Francisco. Elway was also on the losing side in his other two Super Bowl appearances, against Washington and the New York Giants.

Green Bay, despite playing away from the friendly confines of Lambeau Field where they had won 27 consecutive games and never lost in the playoffs, were never threatened in a match played in torrential rain.

Ryan Longwell kicked three field goals and Brett Favre connected with Antonio Freeman for a 27-yard touchdown pass. Dorsey Levens also added a late touchdown run to seal the victory.

The Green Bay defence dominated, limiting the Niners to a single field goal and never allowed San Francisco to establish any type of running attack. The 49ers' other points

came from a 95-yard kick-off return for a touchdown by Chuck Levy.

Green Bay are becoming something of a bogey team for the 49ers. Sunday's win was the third consecutive year the Packers have knocked them out of the playoffs.

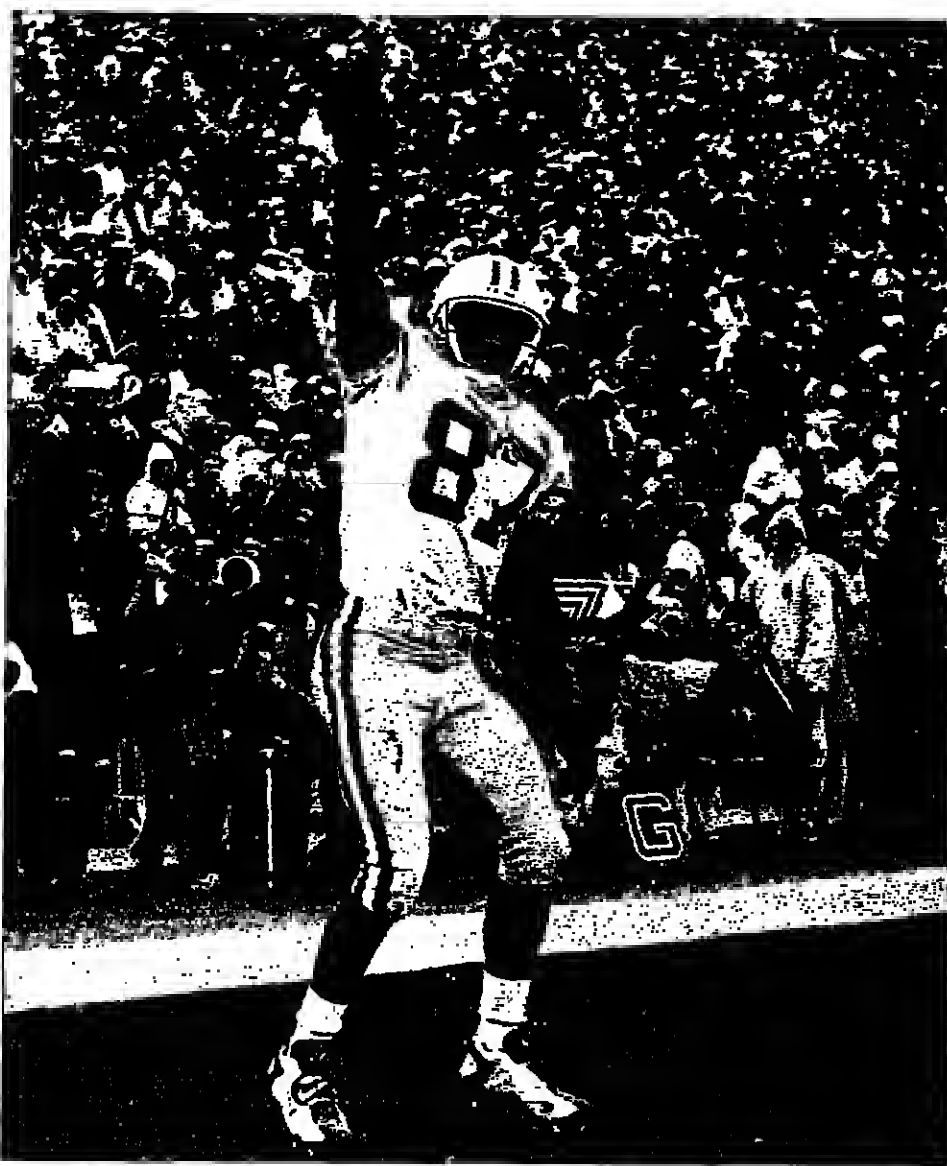
Green Bay will be bidding for their second straight Super Bowl title under the coach Mike Holmgren, who said: "Brett Favre played great. We are used to this kind of weather, but this was real bad."

Favre said: "I only play this game to get to the Super Bowl and win it. The weather was really rough, but the receivers did a great job holding on to the ball. At times that was more than I did."

The Packers are already favourites to win the Super Bowl. An AFC team has not won it since 1984, when the Los Angeles Raiders defeated the Washington Redskins.

The Indianapolis Colts have named Jim Mora, formerly of the New Orleans Saints, as their new head coach.

— Jeff Taylor



Green Bay's Robert Brooks celebrates a touchdown during his team's 24-10 win against the San Francisco 49ers in the NFC Championship game on Sunday. Photograph: Allsport

## TENNIS

Henman drops  
down rankings

Tim Henman, the British No. 2, is unlikely to be seeded at the Australian Open after dropping from 17 to 19 in the latest world rankings.

The ATP Tour started a week later than usual this year and Henman, who began 1997 by reaching the final at Doha and then winning the Sydney tournament, has lost a massive number of points.

Despite reaching the last eight in Doha, Henman has gone down from 1,929 points to 1,622 and was overtaken yesterday by both the Australian Mark Philippoussis and Spain's Albert Costa in the rankings.

The seedings for the Australian Open - the first Grand Slam of the year which starts next Monday - will be announced later this week.

The former world No. 1 Andre Agassi jumped into the top 100 for the first time in almost five months as he searched for his old, elusive form. ATP Tour rankings put Agassi at 86, up from 110 a month ago, after he fought his way into the semi-finals of the Australian Hardcourt Championships last week, his first semi-final appearance in an

ATP Tour tournament for 11 months.

Agassi, who vied with the present world No. 1 Pete Sampras for the top ranking before the acceleration of his decline during the last year, was using the Adelaide tournament as preparation for the Australian Open.

Agassi's young conqueror in Adelaide, the Australian schoolboy Lleyton Hewitt, will join him in the Open draw after earning a wild card entry to the Grand Slam event yesterday.

Dubbed "Boy Wonder" by the Australian press, on Saturday the unseeded Hewitt became the lowest ranked player to win an ATP Tour title - he was ranked 550 before the start of the event - defeating his 27-year-old compatriot Jason Stoltenberg. He also became the third-youngest ATP Tour winner, at the age of 16 years and 11 months.

Britain's No. 1, Greg Rusedski, who stayed at No. 6 in the world with 2,660 points, is almost certain to be seeded sixth which should give him a good chance of an extended run and a possible boost in his ranking since he was beaten in the first round in Melbourne last year.

— John Oakley

## Foley and Danoli on course for Cheltenham and gold

The entries for the Cheltenham Gold Cup were published yesterday and although Britain's favourite grey was not among them, Ireland's most popular chaser takes a place. Richard Edmondson reports.

It may be damp and demoralising, and race meetings might be sinking like Atlantis, but yesterday was the date to heat the core of every National Hunt followers' heart.

Cheltenham provided the central heating for adults by announcing the names that will entertain us at the Festival in just nine weeks' time. In the Gold Cup the roll call includes Sunny Bay, The Grey Monk, Dorans Pride and Imperial Call. Sparkling among the entries for the Queen Mother Champion Chase are One Man, Ask Tom and Viking Flagship. If a con-

dict between these names does not send a tremble through some part of your body then change sports.

So many do in fact get excited by Cheltenham that there will be a limit on spectator numbers this year. More than 58,000 attended Gold Cup day last March, when you could either get a drink, have a bet or visit the latrines before each race, but you could not permit any two from those three.

Following "market research and correspondence", i.e. complaints, the limit has been reduced to 50,000. As the Tuesday and Wednesday of the Festival were well below that figure last season it is still possible that the next oc-

casional overall attendance figure will be higher than last.

The prize-money is guaranteed to be at record levels. A total of £1.3m is available, the biggest chunk of it the £225,000 brought on a cushion to the winner of the Gold Cup, which celebrates its 75th anniversary. Back in 1924 the Blue Riband was worth £700, but those were the days when that figure could have bought you a couple of continents.

A field of 38 is still in at this stage and where the treasure chest will end is anyone's guess. The sponsors, the Tote, go 6-1 the field. Ireland are well represented with Dorans Pride

and Imperial Call, who attempts to go where no horse has gone before and reclaim the crown, but the result the Gloucestershire seismologists most fear is a win for Danoli.

**RICHARD EDMONDSON**  
NAP: Jubilee Scholar  
(Lingfield 1.00)  
NB: English Invader  
(Lingfield 1.30)

Having been denied the presidency of his homeland by what must have been the narrowest of margins, Ireland's favourite racecourse is now on course for a quadruple result.

The 10-year-old has had a

lie-down since falling in last year's Gold Cup, but the old bones, and particularly his damaged fetlock, have now recovered. "I am very happy with him," Tom Foley, the gelding's trainer, said yesterday. "I hope to run him in the Hennessy [Gold Cup at Leopardstown] next month, although the ground would need to dry up a little bit. The ground has been bad here but he has just done a good little piece of work."

"The main aim this year is the English Gold Cup and I wouldn't be that worried if he went straight to Cheltenham after the Hennessy as he's the sort of horse that puts a good bit into his work."

While Martin Pipe may saddle the almost certain runner-up in Challenger Du Luc, a more uncertain horse to evaluate is Strong Promise. Geoff Hubbard's representative was fifth in the Queen Mother Champion Chase 10 months ago but does not even rate an entry in the two-miler this time

around. One Man, on the other hand, a former Gold Cup favourite, is not in the Blue Riband but remains a consideration for the Queen Mum.

There were 19 declared yesterday, including Martha's Son, who appeared to be a fresh enrolment for the old folks' home when he crippled himself at Huntingdon in November. The Champion's champion is now due to go back into training next week and it may even be that he will cast aside the crutches to defend his crown. "Martha's Son is making very good progress," Michael Ward-Thomas, his owner, said yesterday. "If I was a betting man I would bet with a run or not at all."

"Last year we had to get him fit from a long absence and lack of a race didn't stop him. These are different circumstances because he was fit enough to run in November, has been bar-rested since, and won't require so much long-term fitness getting. But nobody should back him other than with a run."

## LINGFIELD (AW)

**HYPERION**  
1.00 JUBILEE SCHOLAR (nap) 2.30 Plain Gaz  
1.30 Night City 2.30 Diamond Drill  
2.00 Lady Laphroaig 3.30 Vista Alegre

**GOING: Standard**  
STALLS: 9, 10 - outside; rest - inside. **DRAW ADVANTAGE:** Low in sprints.  
① **Evening routine**  
② **Course is SE of town on B2028, Lingfield station (served by London, Victoria) adjacent to**  
③ **ADMISSIONS:** Members/Family Endorsers £20 (unaccompanied under-16s free). **CAR PARKING:** Club £2; remainder free.

④ **LEADING TRAINERS:** G. L. Moore 24 winners from 544 runners gives a success ratio of 4.4%. M. Johnston 30 from 271 (8.5%). R. Hanson 43 from 377 (11.4%). G. L. Moore 24 winners from 544 runners gives a success ratio of 4.4%. M. Johnston 30 from 271 (8.5%). R. Hanson 43 from 377 (11.4%).

⑤ **BLINKERED FIRST TIME:** Recognition, Sammy's Shuttle (2.00).  
**1.00 NEWPORT APPRENTICE HANDICAP (CLASS F) £3,000**  
added 1m 21 Penalty (Class F) £3,000  
1. 008-1 CHAMBERLAIN (P) Niven 24 was from 17 rides gives a success ratio of 22.9%. R. Gentry 10 from 17 (59%). A. Dobbie 10 from 59 (16.1%). S. Storey 12 from 50 (24%). J. O'Brien 10 from 52 (19.2%). G. L. Moore 24 winners from 544 runners gives a success ratio of 4.4%. M. Johnston 30 from 271 (8.5%). R. Hanson 43 from 377 (11.4%).

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## LINGFIELD (AW)

**HYPERION**  
1.00 JUBILEE SCHOLAR (nap) 2.30 Plain Gaz  
1.30 Night City 2.30 Diamond Drill  
2.00 Lady Laphroaig 3.30 Vista Alegre

**GOING: Standard**  
STALLS: 9, 10 - outside; rest - inside. **DRAW ADVANTAGE:** Low in sprints.  
① **Evening routine**  
② **Course is SE of town on B2028, Lingfield station (served by London, Victoria) adjacent to**  
③ **ADMISSIONS:** Members/Family Endorsers £20 (unaccompanied under-16s free). **CAR PARKING:** Club £2; remainder free.

④ **LEADING TRAINERS:** G. L. Moore 24 winners from 544 runners gives a success ratio of 4.4%. M. Johnston 30 from 271 (8.5%). R. Hanson 43 from 377 (11.4%). G. L. Moore 24 winners from 544 runners gives a success ratio of 4.4%. M. Johnston 30 from 271 (8.5%). R. Hanson 43 from 377 (11.4%).

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## RACING'S FUTURES MARKET

## Victor Chandler Handicap Chase (2m)

Horse (Trainer)	Corral</
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## Medals tainted by revelations of East German abuse

As the East Germans produced a stream of sporting triumphs in the Seventies and Eighties, it was difficult not to wonder how many of their awesome performances were drug-assisted. Now we know that many were.

Recently, a number of British competitors denied Olympic, world, European, or Commonwealth glory by drug abusers have called for a reallocation of medals. However, as Mike Rowbottom reports, it is not as simple as that.

The news of suspected Chinese drug abuse now emanating from swimming's World Championships has struck a particularly chilling chord with Kathy Cook, Britain's leading sprinter of the 1980s. It is not hard to understand why.

Voices have been raised in recent weeks to rewrite the record books in the light of the latest evidence that, until its demise in 1990, East Germany ran a state-governed doping policy involving all its significant performers.

It was Cook's misfortune that her prime coincided with the prime years of the regime which turned a small country of 17 million people into the third-strongest sporting nation on earth behind the Soviet Union and the United States. If one subtracts the performances of retrospectively implicated East Germans in Cook's races, you could argue she would have won at least another three major medals in her career. She would have been the European 200m champion in 1982 – when she took silver – and would have had two individual medals from the 1980 Olympics to add to the bronze she did win in the 400 metres at the Los Angeles Games of 1984.

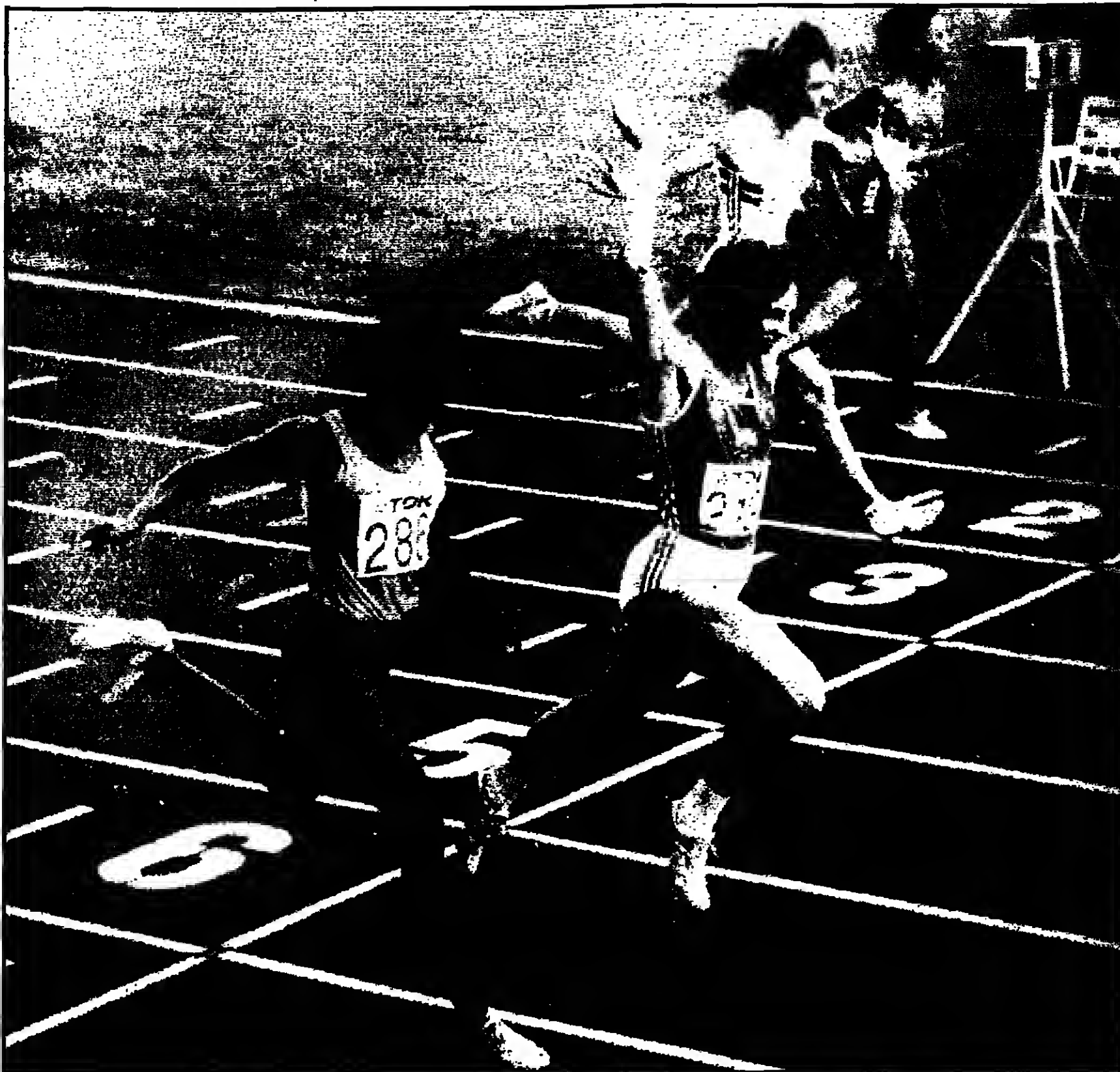
No other British competitor, save perhaps the swimmer Sharron Davies, who lost out on the 1980 Olympic 400 metres medley title to a 17-year-old East German, appears to have been as harshly affected by the activities of the discredited GDR.

So the suspicion that more cheating might be underway on a huge and orchestrated scale lowered the spirits of the Olympian, who is now a 37-year-old mother of three and part-time teacher.

"When I heard about the latest Chinese incident, I thought to myself 'Surely it isn't all happening again, with just a different set of people?' It is just so depressing."

Perhaps the most depressing element of the unearthing of the old GDR methods is the horrifying realisation that drug-taking was systematic and state-controlled.

As a number of sportsmen and women from the former Communist state take out legal suits against their old coaches and doctors, claiming that drug-taking has damaged their health, fuller details of what was bald-



Britain's Kathy Cook (in lane two) finishes third behind East Germany's Marita Koch at the 1983 World Championships in Helsinki

Photograph: AP

ly known as State Plan 14.25 have been uncovered.

Professor Werner Franke, a molecular biologist appointed to investigate GDR methods by the German parliament, says he has found Stasi secret police files showing that "hundreds" of East German competitors who won titles were on drugs.

That claim has been given credence by testimonies from former competitors such as the shot putter Heidi Krieger, who says she was forced to undergo a sex-change after being fed huge doses of male hormones in anabolic steroids, and the swimmer Roland Schmidt, who claims he is one of many male athletes who have had to have breasts surgically removed.

These plaintiffs are the prime victims of the GDR doping regime, notwithstanding the understandable outrage or frustration of those whom they deprived of medals. What recompense they will gain from the legal suits they have taken out against their former coaches and doctors remains to be seen.

Any convictions would certainly increase the pressure on the International Olympic Committee to re-allocate medals. The precedent for doing this is already well established. Four years before Ben Johnson's Olympic 100 metres title passed to Carl Lewis following a positive drug test, Britain's Mike McLeod was promoted from bronze to silver medalist in the 10,000m at Los An-

geles after Finland's Martti Vainio was found to have taken steroids.

But these decisions occurred after positive tests from the races themselves. As many East German competitors have testified, GDR athletes due to compete internationally were told when to stop taking their pills beforehand and tested to make sure no illegal traces remained in their bodies. If they showed up positive, they were told to withdraw because of injury.

The International Amateur Athletic Federation has already balked at annulling GDR performances at past championships, not least because they have a six-year time limit on any such alteration.

Cook, who is married to the for-

mer British 400m runner Garry, sympathises with Davies' demand that she be awarded her rightful medal nearly 20 years after the event.

"I can fully understand how Sharon feels," she said. "Just like her, I have been thinking about the question a lot recently. You do wonder if things in your life might have been different if all this had come to light nearer the time."

"Garry and I talk about it when evidence comes out, and we say, jokingly, I was robbed. But I had my fair share of standing on the rostrum, and I think there is too much water under the bridge to change things now."

Cook's magnanimity is partly informed by simple logic. As she points out, if GDR performances are

to be annulled, how does one legislate for all those wrongfully knocked out in the heats and semi-finals, and how can one say how they might have reacted to the challenge of continuing competition?

The other major factor which would militate against such draconian action is that it is too simplistic to believe that only GDR athletes were cheating. Sufficient doubts have been raised about the performances of Western athletes in the Olympics involving the GDR – in 1972, 76, 80 and 88 – for that position to be rendered ludicrous.

Anecdotal details of the East German drug regime have been around for several years. In 1989 Hans-Georg Aschenbach, an East German

ski-jumping gold medalist at the 1976 Winter Olympics, claimed that he and other children enrolled in special sports schools had regularly been given pills without being told they contained steroids.

"Children were doped up without they or their parents knowing about it," he said.

Aschenbach, who defected to West Germany in 1988, said he subsequently learned from his older teammates that the pills contained drugs. "We were forbidden to talk to anybody about them," he said. "Anyone who talked was dropped from the team."

Such a policy obviously did not prevent rumours from spreading fast. Cook knew a number of the East German sprinters throughout her 10-year career, which ended in 1987.

"Sometimes I would have to look at runners twice because their whole shape had completely changed," she said. "The most disturbing thing was the way some of the girls' voices had lowered."

For all her suspicions, though, the realisation of the scale of implied wrongdoing has come as a surprise. "The idea that the whole team was involved, lock, stock and barrel, is horrifying," she said. "Especially when you think that some of them were so young."

She was particularly disappointed to see evidence that Marita Koch was implicated in the drugs regime. Koch's 400m world record of 47.60sec – nearly two seconds faster than Cook's British record of 49.42 – has stood since 1985.

"Marita was a role model to me," Cook said. "She was a really nice person, and she had this charisma. The crowd would go silent because she was so fast. She just destroyed fields. I remember watching on television when she set her world record and it left me speechless."

Now Cook finds there is almost nothing to be said. "I don't know how I would feel if I ever saw her again," she said. "I've no particular wish to. I feel a mixture of sadness and anger about the whole thing."

But the rival with whom Cook feels most aggrieved is Canada's Angela Taylor, later Issajenko, who beat her to the 1986 Commonwealth Games 200m title and admitted three years later to having taken drugs since the 1980 Olympics.

"I feel angrier about what Angela did because she chose to go down that track herself," Cook said. "It seems a lot of the East German athletes were taken as youngsters and told what to do without always being given the facts. It is a horrible situation, but you can have more sympathy for people involved in it."

"One of the saddest things is that those East German athletes were never able to show how good they really were without the help of drugs. Their whole careers were flawed."

"I don't know how you could win a race knowing that you had cheated and gain any satisfaction from it. Once the initial excitement was over, the lap of honour and the medal ceremony, I don't think I could live with knowing that I had cheated. It's the way you are made, I suppose."

## They got flats, we got a drink with Ted Heath

Hugh Matheson, the Independent's Rowing Correspondent, was beaten to a gold medal by an East German crew at the Montreal Olympics in 1976. However, he believes his defeat in the eight's final was down to the winners' professionalism – not drugs.

"Sell yourselves dearly". That was all Bob Janousek, our Czech coach, said before we went out for our Olympic eight's rowing final. It was the best summary of three years' instruction that had taken the British crew from bottom of the pile at Munich in 1972 to pole position in Montreal. The phrase told us that we had the speed and skill to win, but that we were not favourites.

The race plan born from the experience of the heats and semi-final showed that we had to get to the front shortly after half-way and build our lead and try to hold off challenges in the closing stages. East Germany and New Zealand, the winners four years earlier, were the toughest opposition. The United States and Soviet Union, who should have been in the medals, had blown it early and were not in the final.

New Zealand could start fast, but we were covering the first 500 metres faster than the best eights do, even today. But they, like us, were amateurs, all in work and mostly on unpaid and grudging holiday to attend the Olympics. The East Germans were different. They trained, as professionals, four to five hours a day. There were 300 full-time

coaches in their system. There were two in ours. They had a huge pool of athletes who had been drawn into the sport from an early age.

Much of our inside information came from Janousek, who had also been given a deep and detailed five-year course in physical education at Charles V University in Prague and had insight into the thoroughness with which sporting success, which was in effect a branch of foreign policy, was applied behind the Iron Curtain.

We also assumed that they were given help from drugs. Because we knew little of the pharmacology that might be involved – beyond the standard "anabolic steroids" – our suspicions were unsophisticated and frankly did not make a damned bit of difference.

We were all so manic in our own determination and so dog tired from the intensity of the training that we crammed into an hour and a half on weekdays and four at weekends that we spent little time thinking about it.

The East Germans did everything differently. They covered huge mileage at a low level of pressure working to raise their aerobic threshold. We sprinted everywhere and learned to work with high levels of pain and lactic acid in the joints. They spent at least a month each winter at high altitude in Bulgaria doing langlauf training on skis. They got a two-week holiday in Cuba if they won a gold medal. Ted Heath, then Prime Minister, asked us for a drink at Lancaster House.

There was plenty of downside for the East Germans. Their sports organisations were riddled with Stasi secret police officers. Sport was, after all, a means of expression

for the state, not for the sportsmen, who were patronised and thanked with holidays and better flats.

They had to earn it, not just in competition but by toying the party line which included a good deal of moralising about personal relationships. People were dropped from teams for having the wrong sort of affairs.

And, now that 20 years have passed, the biggest downside of all is emerging: the drugs they took then are popping out again in the form of reproductive difficulties and sexual confusion. The swimmers are beginning to sue their coaches and managers for abuse of minors under their care.

Janousek knew that most of us in the British crew would do whatever it took to win. We were willing to abuse our bodies to the extent of massive fatigue and pain, and a pill or two that relieved the stress and allowed more chance of success would not have seemed inappropriate to me then. Janousek was adamant and tough. It was not an option – a decision he took knowing the eventual price in results. Thank goodness he did. However, it never worried me that others took the opposite view.

At least the East Germans were under very strict controls, unlike other nations where athletes regularly dosed themselves with drugs bought from the local chemist, with no testing or controls.

In 1993 I received from Professor Werner Franke, who has collected most of the documents which survived the fall of the Berlin Wall in 1989, an academic paper describing the experiments with the East German rowing team in 1980. In this paper, the rowers are not

named but cited by numbers. They are, however, easily identified because their racing records in the western regattas are quoted in full along with their Olympic results.

It is important that if in time the East German results are wiped from the record because of evidence of systematic drug abuse it will happen because it was systematic and was properly recorded. All the more chaotic abusers, which should include most of the Warsaw Pact countries, will get off only because they had no proper controls and no record keepers.

I have never given this particular fact publicity before because it would have seemed like sour grapes of the "We were robbed" kind and because until the recent flurry of revelation people were not interested in what is a narrow and personal view.

But the overwhelming reason for keeping quiet about the drug abusers is that it remains to me a detail, a sidebar, to the principal reason we lost a gold medal in July 1976. We took the lead as planned with a devastating burst at 1,000m, which took half a length off the field and broke the New Zealanders. We held our lead right through the next 750m, but the head wind was snapping and made it a slow race. It favoured those with extensive training, the four-hours-a-day kind that is universal now.

Our intense programme made us thrilling sprinters, but with 150m to go we had run out of steam, and it was indeed East Germany who deservedly went through to win. Our heads went down and the boat slowed across the lanes. We had silver, but we had been defeated by stronger men.

## The little blue pills and the ugly aftermath that haunt the casualties of the state's greed for gold

Suicide, chronic disease and crippled lives are the legacy of East Germany's relentless pursuit of medals. Now some of the victims are breaking their silence, denouncing the officials who fed them the pills. Inna Karas reports from Bonn.

The record books state that the gold medal for the women's shot put in the 1986 European championships in Stuttgart was won by Heidi Krieger, with a throw of 21.10 metres. She was 21 and at the pinnacle – it later transpired – of her career.

Krieger had been training hard since the age of 13. When she was 16, she started receiving the little blue pills from her coach. These "vitamins" were wrapped in silver paper, and seemed to help her gain strength. As the weights she lifted daily in the club gym increased, so did the size of the pills. Still, she asked no questions. She was somewhat surprised when the sports doctor prescribed her contraceptive pills, even though she was completely innocent in matters of sex, but took them obediently as well.

After her triumph in Stuttgart, Krieger's body began to rebel against the punishment. Her back was aching all the time, her knee and hips had to be operated on. In 1987 she was taking five of the blue pills a day, yet still came only fourth in the World Championships.

By now she was aching all over.

The muscles she used to be so proud of no longer felt like her own. She suddenly felt trapped in a body that was not hers, abandoned women's clothes and started to feel embarrassed about going into the women's lavatory. She felt like a man.

She only discovered why several years after the fall of the Berlin Wall. "Hormone-Heidi" – as she had been known to her coaches – had been fed a record amount of testosterone: two and a half times the amount recommended in East German sports scientists' secret manuals. The contraceptives – a cocktail of female hormones – were administered in order to maintain a semblance of femininity.

But a man she was, and last year she completed the metamorphosis, in as much as that is biologically feasible. After another course of testosterone to complete the job, Heidi's breasts, womb and ovaries were removed, and the person emerging from the operating theatre took up



'Hormone Heidi': Drugs turned her into a man

the name of Andreas. The male organ is yet to be built, but "Mr" Krieger is happy none the less. At least he is alive, in a body to which he can now relate.

Several former East German athletes have committed suicide, and hundreds more are thought to be suffering various drug-related ailments. Catherine Menschner, a 33-year-old former swimmer, is not certain whether it was the drugs or the strenuous training which literally broke her back. Now she cannot even lift her eight-year-old child.

An estimated 2,000 athletes were given performance-enhancing drugs in the 1970s and 1980s. Even seven years after the disappearance of East Germany, many medalists are maintaining silence over the drugs they received. But some are beginning to speak out. A questionnaire sent out by Berlin prosecutors investigating doping practices has been filled out and returned by some 600 victims. Their complaints are textbook cases of steroid abuse: liver and kidney damage, impotence, severe emotional problems.

With the help of their testimonies, the prosecutors hope to put away a few of those supplying drugs. At the end of last year, four former East German swimming coaches were charged with causing bodily harm. Two of them, Dieter Lindemann and Volker Frischke, were hired by the German Swimming Federation after unification but had been recently suspended because of the investigation. For the moment, many other trainers remain at large, coaching the national squad for another successful Olympics.



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FOOTBALL

# Venables sells his Portsmouth stake to Gregory

When Terry Venables bought a 51 per cent stake in Portsmouth for £1, the future looked bright for the south coast strugglers. Reality intruded yesterday, however, when the Australian national coach sold his stake to director Martin Gregory. Chris Maume reports.

Terry Venables, whose tenure as chairman of Portsmouth has brought little or no improvement in the club's fortunes, yesterday sold his shares and agreed to leave the First Division strugglers.

The Australian national coach has accepted a cash offer from director Martin Gregory which will see him sell his 51 per cent controlling interest in the club. The Gregory family will now take control of Pompey with a 96 per cent shareholding in the club, which is losing £150,000 per month.

Venables agreed to a six-figure pay-out after a meeting with one of Pompey's directors, Brian Henson. BBC radio reported yesterday that Gregory had agreed to pay Venables £300,000 for his stake in order to open negotiations with a United States consortium interested in the club.

Venables has controlled Pompey for 11 months but has failed to attract the investment he originally hoped for when he arrived at Fratton Park after guiding England to the Euro 96 semi-finals.

The former England coach was offered £200,000 for his 51 per cent stake in the club last week but wanted to hold out for £500,000 - £499,000 more than he paid for the shares last February.

"The time is right for Venables to go," Gregory, who was in Switzerland on business yesterday, said. "He should walk away. I realise I am not the most popular person in Portsmouth but things were never this bad. We thought we were pulling one of the world's top coaches but it has not worked."

Pompey are bottom of the First Division, two points adrift of their nearest rivals, Bury, and are preparing for tomorrow night's FA Cup third round replay at Aston Villa.

Venables, who has long dreamed of owning his own club, arrived at Portsmouth as Director of Football in August 1996 and became chairman in December of that year.

But, in November last year, Venables' position first came under threat when the club sank to the bottom of the First Division and were reportedly having

problems in paying players and staff - a matter only resolved after the Professional Footballers' Association stepped in. This came only three months after Venables' company, Vencorp, received a £300,000 bonus from the club as a "one-off performance bonus."

His future at Pompey was also questioned after Australia failed to qualify for the World Cup finals when they lost in a play-off to Iran.

Venables has enjoyed mixed fortunes in his business career. He was the chief executive of

Tottenham from 1991 until 1993 until his contract was terminated by fellow directors. He was reinstated on the strength of a temporary injunction, but defeated after a High Court hearing and ordered to pay costs.

He is due to appear before a High Court hearing in London tomorrow, where the Department of Trade and Industry is seeking to have him disqualified as a company director as a result of his involvement in other companies in the past. The case is complex and is expected to last for at least three weeks.

## Gascoigne flute row grows louder

The Old Firm war of words over Paul Gascoigne's flute-playing antics continued last night when Celtic hit back over criticism by the Rangers chairman, David Murray, of his opposite number, Fergus McCann.

Murray was furious with the Parkhead managing director after he sent a letter of complaint to the Scottish Football Association over the England midfielder's controversial gesture while warming up on the touchline during the Scottish Premier Division match at Parkhead on 2 January.

Gascoigne issued a public apology after Rangers' 2-0 win against Aberdeen at Ibrox on Saturday, expressing his regret at his actions and disclosing he has been fined £20,000, which will go to charity.

Murray reacted angrily when he discovered McCann had sent a letter to the SFA demanding action against the player. In a tersely worded statement yesterday, Celtic responded to Murray's own complaints as the row simmered on.

The Celtic statement read: "David Murray is aware of why Celtic sent a letter to the Scottish Football Association regarding wider issues than solely Paul Gascoigne's recent actions at Celtic Park. Although he has made public remarks through one newspaper, he has chosen not to comment on all the issues raised in the letter. Celtic has not made this a public matter and has no wish to at this stage. Celtic will now await the Scottish Football Association's response."

Earlier, Murray had questioned why McCann had felt the need to write a letter of complaint to the SFA. He said: "Just as it is not for me to tell Celtic how to conduct their affairs, it isn't for them to tell me how to conduct mine. I am disappointed that, rather than write to the SFA, Celtic couldn't call me if they felt strongly about what Paul Gascoigne did. We have sorted things out in the past and I think Fergus [McCann] has set a dangerous precedent."

- Bryn Palmer



Open and shut case: Belgium's Fred Deburghgraeve powers his way towards the gold medal in the 100 metres breaststroke at the World Swimming Championships in Perth, Australia, yesterday. The shaven-headed Olympic champion, who missed all of last year's major championships in order to concentrate on the Perth event, won in 1min 01.76sec. Report, page 27; Photograph: Greg Wood/AFIP

### THE INDEPENDENT CROSSWORD

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